AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE II

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IMPROVING THE EFFECTIVENESS OF AGRICULTURAL POLICY REFORM IN AFRICA: THE POLITICS OF AGRICULTURAL POLICY REFORM IN COTE d'IVOIRE

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ACRONYMS

ACP	African-Caribbean-Pacific Countries
APBACI	Association de la Profession Bananière de Côte d'Ivoire
APPCI	Association des Planteurs de Palmier à l'Huile en Côte d'Ivoire
APPH	Association Professionnelle pour le Promotion Hévéicole
APROMA	Association des Produits à Marchés
ASAL	Agricultural Sector Adjustment Loan (World Bank)
BCEAO	Banque Centrale de l'Afrique de l'Ouest
BNDA	Banque Nationale de Développement Agricole
CAISTAB	Caisse de Stabilisation et de Soutien des Prix des Produits Agricoles (CSSPPA)
CFAF	(currency unit)
CIAB	Comité Inter-Professionnel de l'Ananas et de la Banane
CIDT	Comapgnie Ivoirienne de Développement des Textiles
COLEACP	Comité de Liaison Europe-Afrique-Caribe-Pacifique pour la Promotiondes Fruits Tropicaux, Légumes de Contre-Saison, Fleurs, Plantes Ornamentales, et Epices
COOPAGCI	Coopératives des Agriculteurs de Côte d'Ivoire
DCGTx	Direction des Grands Travaux
DD	Droit de douane
DFE	Droit fiscal d'entrée
EEC	European Economic Community
ENSA	Ecole Nationale Supérieure d'Agronomie
FPI	Front Populaire Ivoirien
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEPEX	Groupement Professionel des Exportateurs de Café et de Cacao
GVC	Groupement de Vocation Coopérative
ICA	International Coffee Agreement
ICCA	International Cocoa Agreement
ICCO	International Cocoa Organization
IDA	International Development Association
IMF	International Monetary Fund
INRA	International Natural Rubber Agreement
INRO	International Natural Rubber Organization
OCAB	Organisation Centrale des Producteurs-Exportateurs d'Ananas et de Banane
PDCI	Parti Démocratique de Côte d'Ivoire
RSTA	Redevance statistique
SAA	Syndicat Agricole Africaine
SAL	Structural Adjustment Loan (World Bank)
SALCI	Société Alsacienne de Conserverie d'Ananas
SAPH	Société Africaine de Plantations d'Hévéa
SATMACI	Société d'Assistance Technique pour le Modernisation Agricole en Côte d'Ivoire
SIVENG	Société Ivoirienne d'Engrais

SODEFEL	Société d'Etat pour le Développement de la Production des Fruits et Légumes en Côte d'Ivoire
STABEX	stabilization fund created under the Lomé Conventions
SYNAGCI	Syndicat National des Agriculteurs de Côte d'Ivoire
UNCTAD	United Nations Conference on Trade and Development
UNECACI	Union Nationale des Entreprises Coopératives Pour le Café et le Cacao
UPACI	Union Patronale de Côte d'Ivoire
URECOS-CI	Union Régionale des Entreprises Coopératives des Savanes de Côte d'Ivoire
VAT	Value-Added Tax

Foreign Terms

les cahiers de doléances	lists of complaints or demands
le député	a member of the national assembly
dirigiste	centrally administered or directed
l'encadrement rurale	training in techiniques of rural cooperation
la filière	marketing network or chain
la patente	local business tax
le préfet	official of the Ministry of Interior who oversees government activities at the level of the préfecture
le Primature	prime minister's office
sous-préfet	official of the Ministry of Interior who oversees government activities at the level of the sous-préfecture
le syndicat	a union
les traitants	cocoa and coffee buyers

PREFACE

During the past decade policy reform has become a valuable tool in efforts by the U.S. Agency for International Development (A.I.D.) to improve the contribution of agriculture to the physical and economic well-being of developing nations. The success of reforms requires not only rigorous economic analysis and extensive host country collaboration, but also strategic implementation. To perform effectively in the design and implementation of policy dialogue and adjustment-related programs, A.I.D. field officers as well as their host-country counterparts must be familiar with the repertoire of strategic and political issues that affect the reform process.

The Bureau for Research and Development's Agricultural Policy Analysis Project, Phase II (APAP II) has been a key vehicle through which A.I.D. has developed practical insights for the initiation, implementation and sustainability of agricultural policy reform. In addition to highlighting issues like these, APAP II has developed practical tools and methods for agricultural policy analysis and implementation in developing countries.

The "Improving the Effectiveness of Agricultural Sector Policy Reform in Africa" research project was funded by the Africa Bureau of A.I.D. (AFR/ARTS/FARA) under a buy-in to APAP II, in an effort to improve the quality of policy reform efforts. The specific objectives of this activity have been (1) to gain better understanding of the political and socio-cultural factors that explain the success and failure of agricultural policy reform programs and projects in Africa; and (2) to develop a set of guidelines and training materials that will enhance the ability of A.I.D. staff and host country officials to effectively incorporate political and socio-cultural analysis into the design and implementation of agricultural policy and institutional reform programs and projects.

The role of policy leadership, the political impact of key technical assistance staff, and strategies for institutional change were examined in a range of countries and contexts using a common analytical framework. Field studies were conducted in Côte d'Ivoire, Mali, and Zambia, and desk studies examined Cameroon, Ghana, Madagascar, and Malawi.

This document is but one component of the research reports produced under the "Improving the Effectiveness of Agricultural Sector Policy Reform in Africa" task.
The complete corpus of documents include:

Improving the Effectiveness of Policy Reform in Africa: A Synthesis of Lessons Learned, by Nicolas Kulibaba and Catherine Rielly;

Improving the Effectiveness of Policy Reform in Africa: Training Manual for Agricultural Development Practitioners, by Catherine Rielly and John Tilney;

Improving the Effectiveness of Policy Reform in Africa: Training Module by Catherine Rielly and John Tilney;

Improving the Effectiveness of Policy Reform in Africa: Cocoa Marketing Reform in Ghana by Nicolas Kulibaba;

Improving the Effectiveness of Policy Reform in Africa: Agricultural Marketing Reforms in Malawi by Nicolas Kulibaba;

Improving the Effectiveness of Policy Reform in Africa: Maize Marketing Reform in Zambia by William Levine and Charles Stathacos;

Improving the Effectiveness of Policy Reform in Africa: Cereals Market Policy Reform in Mali by Ismael S. Ouedraogo and Carol M. Adoum;

Improving the Effectiveness of Policy Reform in Africa: Rice Market Liberalization in Madagascar by Catherine Rielly;

Improving the Effectiveness of Policy Reform in Africa: Fertilizer Reforms in Cameroon by Catherine Rielly;

Improving the Effectiveness of Policy Reform in Africa: The Politics of Agricultural Policy Reform in Côte d'Ivoire by Jennifer A. Widner with Atta Brou Noel.

EXECUTIVE SUMMARY

This report examines patterns in the politics of agricultural policy reform in Côte d'Ivoire during the period 1989-93. It makes four main points. First, it suggests that the process of reform was inextricably bound with the international political economies associated with the commodities farmers produced. The terms of international pricing pacts shaped the configuration of domestic interests surrounding each commodity and the kinds of challenges that supporters of policy changes confronted. Where international agreements stipulated that member countries would restrain exports or production in an attempt to increase prices, new possibilities for nonproductive rent-seeking developed. That is, techniques for limiting access to the market created opportunities for a few entrepreneurs to secure especially high profits or other benefits simply by virtue of the protection the rules provided them. The vested interests that so developed shaped the bargaining power of those who were party to policy reform. Such agreements thus generated a clientelist politics in agriculture. In contrast to the popular notion that commodity pricing pacts aid poor farmers in developing countries, this study suggests that those which establish export quotas or production restrictions foster a politics that severely limits the influence of smallholders.

Second, the international political economy of agriculture affected reform in Côte d'Ivoire in a somewhat different but related sense. Many of the holders of export quotas for coffee and cocoa in the Ivoirien case were French businessmen, who borrowed from French banks as well as Ivoirien banks. Because the government of Côte d'Ivoire was in arrears to many of these firms in the late 1980s and early 1990s, French commercial and financial interests and the parts of the French government that backed them, wanted a voice in the design of reforms. Some of the demands conveyed by these enterprises were consonant with the reform proposals of the World Bank and European Economic Community (EEC). Others were not. These firms aimed to emerge from the early 1990s with positive returns on their investments, even if it meant espousing positions that undermined the health of the Ivoirien economy.

Third, growers who had organized themselves into trade associations tended to have a stronger voice in policy than those who had not. The bargaining power of the farm lobbies varied. In some cases, the presence of a few large, politically powerful planters enabled farmers to secure a voice in policy and considerable control of the marketing of their produce. The power of emergent smallholders' unions—associations of village planters—varied with their ability to organize effective boycotts. Contrary to expectation, in this period unions were more interested in reducing costs and in eliminating bottlenecks than they were in protectionist measures or other restraints on trade.

Fourth, the analysis concludes that genuine technical difficulties also slowed some aspects of the reform process in Côte d'Ivoire. Where donors and outside observers were often quick to see intransigence or to posit the existence of vested interests, sometimes there were financial and organizational problems to which Côte d'Ivoire, as other African countries, had to pioneer solutions. These challenges often stymied the western consulting firms that were hired to devise proposals for tackling them. Sometimes, the consulting firms were less able to discern solutions than local technocrats. One finding of the analysis is that a little humility is warranted in trying to understand the reform process.

1. INTRODUCTION AND BACKGROUND[1]

During Côte d'Ivoire's first three decades, the political economy of its agricultural policies was distinctive in several important respects. First, until 1989, Côte d'Ivoire offered its farmers a relatively high proportion of the world price for the agricultural exports they produced and maintained producer prices that were fairly stable in real terms. Although there was a net transfer of resources out of forest-zone agriculture to other uses, farmers were better off in Côte d'Ivoire than in other countries south of the Sahara, except Kenya, Zimbabwe, and perhaps Cameroon. Second, Côte d'Ivoire's production of export crops grew rapidly through the 1980s, when agricultural production declined or failed to keep pace with population growth in many other parts of Africa. Third, unlike Anglophone countries, Côte d'Ivoire had ceded considerable control of its monetary policies to an external agency, as a member of the Franc Zone. As a result, it could not intentionally overvalue its exchange rate, imposing an indirect tax on export agriculture, but neither could it use devaluation as a policy tool to make its agricultural exports more attractive to foreign buyers. These policies fueled the 7-percent average annual rates of growth in the gross domestic product (GDP) that led development economists to extoll *le miracle ivoirien* during the 1960s and 1970s. Côte d'Ivoire became the world's largest producer of cocoa, with nearly one-third of world market share, as well as Africa's major producer of coffee, bananas, and pineapples. The country began to develop cotton, oil palm, and rubber as diversification crops. During this period, it also remained about 80-percent self-sufficient in starchy foodstuffs.

In the late 1960s, the government started to finance the creation of public enterprises, roads, and new projects from the reserves of the marketing board that handled cocoa and coffee sales. These funds were supposed to provide money for subsidies to farmers when world prices for coffee, cocoa, and other export crops declined. As long as the investment projects that borrowed from the board generated rates of return above those the marketing board could secure by banking its money, this practice was not necessarily dangerous to farmers. In practice, these opportunities too often promised unacceptable rates of return under the best of circumstances, however. Management problems eroded the profitability of many projects. In some instances, the money just disappeared. A government that had initially allocated a greater proportion of benefits to farmers than had its neighbors began to transfer resources out of forest-zone agriculture on a massive scale.

Forest-zone farmers—growers of cocoa and coffee—felt the effects of these changes in a sudden collapse of producer prices, the prices paid to farmers, during the late 1980s. There were earlier hints of the impending reversal of fortune. For example, the government lifted controls on the prices of fertilizer during the 1983-84 agricultural season, after having driven the domestic fertilizer factory, of which it was part owner, into perilous financial condition. Growers faced increasing costs as a result. However, coffee and cocoa producer prices

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[1] This study draws on interviews with Ivoirian officials, the Chambre de Commerce et d'Industrie, officers of farmers' organizations, and donors as well as archival sources. Portions of the research on the fertilizer industry were carried out by Atta Brou Noël, Formateur and Chercheur with INADES, Bouaké.

remained relatively stable in real terms, despite the collapse of world market prices. The government did not contemplate major changes in policy until the marketing board could no longer afford to pay the subsidy required to maintain official producer prices. In 1989, the government announced that it would reduce by half the prices it paid for farmers' cocoa and coffee crops. Subsequently, prices fell still further. Côte d'Ivoire thus entered the 1990s in the midst of a severe economic recession nicknamed "the cocoa crisis."

Thus, the problems that beset Ivoirien agriculture during the mid-1980s and into the 1990s were quite different from the crises that afflicted other countries. The trouble was not the retreat of farmers from production for official markets in response to unremunerative producer prices, as it was in many areas. Instead, it stemmed first from the inability of the government to repay funds it had borrowed from the coffee and cocoa marketing board. In consequence, the board was unable to continue to stabilize producer prices when world market prices collapsed. Second, the "crisis" also flowed from the country's heavy reliance on cocoa and coffee—a dependence that made Côte d'Ivoire's revenue base highly vulnerable to commodity price shocks. Diversification had made only limited inroads. Third, in the aftermath of the beverage booms of the late 1970s, the CFA Franc began to appreciate in Côte d'Ivoire, imposing an indirect tax of between 40 and 60 percent on export crop growers. Fourth, for some crops, especially bananas, pineapples, and oil palm, high and rising input costs and inefficiencies decreased international competitiveness.

1.1 Donors and Reform

During the 1970s, Côte d'Ivoire was touted as a country that had successfully managed agricultural policy to become the world's largest producer of cocoa, the largest Sub-Saharan producer of coffee, a major supplier of pineapples, bananas, and cotton for the European market, and an important exporter of items as different as timber and canned tuna. The country's farmers were diversifying into rubber, oil palm, coconut, and fruits. They also grew enough rice, maize, manioc, and yams to make the country 80-percent self-sufficient in starchy foodstuffs.

That happy situation deteriorated during the late 1970s and into the 1980s, although many of the causes and consequences were not immediately evident. The boom in cocoa and coffee prices during the mid-1970s led many policymakers to expect continued high revenues. These expectations of high future returns spurred extensive borrowing from foreign banks, increasing the country's level of indebtedness. It also triggered rapid expansion of the money supply, accelerating rates of inflation and increasing the difficulty in keeping the government's budget balanced. Under these conditions, exchange rate bias against export agriculture also grew. Farmers began to face deteriorating urban-rural terms of trade, just as the country's terms of trade in world markets declined.

Further, farmers began to encounter market saturation and new resource constraints. In the case of cocoa, for example, harvests from Côte d'Ivoire and from its new international competitors, such as Malaysia and Indonesia, flooded the world market, driving prices downward. Trends in world prices for other commodities produced in Côte d'Ivoire, including palm oil, cotton, coffee, pineapples, and bananas, displayed similar patterns, although the fluctuations in prices were not as great as they were for cocoa. There was considerable concern that Europe's pineapple and banana markets, for which Côte d'Ivoire was the major African supplier, were reaching saturation.

At the same time prices for what they produced declined, many farmers also found that resource costs, including land costs, escalated sharply. During the 1980s, deforestation rates in Côte d'Ivoire had reached 290,000 hectares per year, on average, compared with 180,000 hectares per year in Zaire and 80,000 hectares per year in Cameroon.[2] Upon Independence, forest had covered 12 million hectares in Côte d'Ivoire. By 1991, only 2.5 million hectares of forest cover remained.[3] The amount of arable uncultivated land available was diminishing rapidly, and growing conditions were deteriorating. The era in which farmers could expand production cheaply through "extensive agriculture"—by clearing unoccupied virgin timberland—was coming to an end.

In this context, policy reform first became a subject for discussion between the Ivoirien government and donors, namely the World Bank. Reform programs were introduced along with each of three Structural Adjustment Loans (SALs) from the World Bank in 1981, 1983, and 1986, and two IMF Stand-By Agreements in 1984 and 1986. The 1981 SAL sought to adjust internal demand, to reduce inflation, and support structural reforms that would help restore growth. Under the terms of the agreement, public investment was reduced and public enterprises were restructured. The program also initiated changes in the tax system to bolster revenues. Agricultural reforms aimed to expand production in crops for which Côte d'Ivoire had a comparative advantage and to diversify the range of commodities produced.

Economic indicators showed brief improvement in 1985, but the benefits dissipated rapidly in the face of high debt levels and an appreciating real exchange rate, which generated overvaluation of 40-60 percent. In consequence, in 1986, the World Bank conducted an agricultural sector review. Drawing, in part, on the recommendations of that study, a $150-million Agriculture Sector Adjustment Loan (ASAL), negotiated in 1989, targeted the need to develop a modern and entrepreneurial farming sector with sectoral rates of growth of about 4 percent per year. The loan was disbursed in three tranches between 1989 and June 1991, repayable over 20 years at the standard variable interest rate, with a five-year grace period.

As originally designed, the program had several components. First, it included extension of the value-added tax (VAT) in order to base revenue collection on consumption, not

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[2]Kevin Cleaver, et al. *Conservation of West and Central African Rainforests.* World Bank Environmental Paper Number 1. (Washington, D.C.: World Bank, 1992), p. 22 and p. 66.

[3]Tim Resch, Paul Crawford, and Idrissa Samba. "Natural Resource Management in Côte d'Ivoire Options Paper." United States Agency for International Development internal document, March 1993, p. 6.

production. Negotiators expected heavier reliance on a VAT to both encourage consumption of locally produced goods and to reduce the costs of processing primary agricultural commodities.

Second, it included measures to reduce public sector involvement in agriculture and increase the efficiency of the marketing boards. Some of the objectives were to (1) divest the coffee and cocoa marketing board of freight and stocking responsibility and to withdraw from the conference line shipping agreements in which the country participated (see below), in order to reduce transport costs, (2) to create a payment clearing house to prevent importers from delaying payments, (3) to implement a more transparent and flexible system for negotiating contract prices, (4) on an experimental basis, to allow direct sale by private exporters, and (5) to revise the cash management system.

Third, the 1989 plan proposed trade liberalization to align domestic and world prices for export and food crops and a progressive evolution toward a system in which prices could fluctuate according to market conditions. Because Côte d'Ivoire was a member of the Franc Zone, and could not devalue its currency to reduce or eliminate bias against exports, the proposals called for resumption of a subsidy for agricultural exports, first introduced in 1986, to simulate the effects of a devaluation. The aim was to provide an effective protection of 20-percent for agricultural exports to compensate for an estimated 20 percent overvaluation of the currency—an estimate that proved considerably too low.

Finally, the negotiators proposed a variety of other measures to improve the quality of production and to reduce costs, including extension of the rural roads program and provisions to help protect the environment.

The program succeeded in some respects and failed in others. Toward the beginning of 1992, lack of progress in three concurrent reform programs led the World Bank to suspend most payments to Côte d'Ivoire. Extension of the ASAL became moot. During this period, the Bank continued to fund studies necessary for the privatization of public enterprises (a three-year $15-million project), but it blocked the second tranche of the Financial Sector Adjustment Program, the second tranche of the Sectoral Competitiveness Program, and the second tranche of the Human Resourc Sector Adjustment Program, totaling about $200 million. The Bank had earlier suspended lending, in 1987 and 1988, on the grounds that the government displayed no signs of political commitment to reform. Some progress in 1989, and the appointment of Alassane Ouattara as a "pro-reform" prime minister in 1990, changed the Bank's perception. In 1992, those earlier concerns surfaced once again.

In June 1993, limited lending from the Bank resumed. The World Bank-IDA made a new loan of $23.7 million, to be divided between training programs in three ministries on the one hand, and preparation and implementation of budgets in the ministries of health and education on the other. At the time of this writing, resumption of agricultural sector assistance was likely, pending an anticipated devaluation of the CFAF. The Bank's local representatives envisioned the need for a new sector review in preparation for that event.

A year after the 1989 Bank agreement with Côte d'Ivoire on agricultural reform, the European Economic Community, of whose Lomé STABEX funds Côte d'Ivoire had become the largest recipient, also entered into negotiations with the government to reform cocoa and coffee pricing and marketing policies.[4] With this step, the EEC started to play an increasingly important role in negotiating policy reform in Côte d'Ivoire, where it maintained a large delegation. The transfers of STABEX funds to Côte d'Ivoire and Cameroon, the other major recipient, had sharply reduced monies available for other African-Caribbean-Pacific (ACP) countries party to the Lomé Accords. The 1992 allocation of funds for STABEX was sufficient only to meet 43.2 percent of claims by ACP commodity exporters, and ACP countries sought to pressure the EEC into augmenting the funds available—something the EEC did not do. Acting in concert with several other donors, including the Caisse Française de Développement (Caisse Centrale), the World Bank, and development agencies of the French, German, and Japanese governments, the EEC instead tried to remedy policies in Côte d'Ivoire in the hope of reducing the drain on Lomé funds in the future.

The African Development Bank, also a supplier of considerable project assistance to Côte d'Ivoire, acted separately from the other funders, and the U. S. government's role was limited to comparatively small grants for health programs and decentralization.

The government of Côte d'Ivoire implemented some of the proposals negotiated by the World Bank's ASAL team and EEC team, but it lagged in pursuing others. Some of the worries privately expressed in the risk assessment the Bank conducted prior to the 1989 ASAL came to fruition, namely the existence of political pressures that would slow reform in some sectors. Opening up marketing board decision making to scrutiny, in order to achieve greater accountability, proved especially difficult to achieve. The marketing board charged with responsibility for the rice and wheat trade resisted operational audits and other measures, such as competitive bidding, partly because there were strong vested interests in opposition to these

[4]The STABEX was created under the Lomé Convention. In the event export receipts for commodities covered under the scheme dropped, there was an automatic transfer of compensatory funds, with no conditions attached (by contrast with funds from the IMF Compensatory Financing Facility, which were subject to conditions). The agreement covered only agricultural products in raw form or those subject to limited processing. It included those commodities European countries did not themselves produce. It transferred funds only when earnings from the EEC market for these commodities declined by 7.5 percent or more from the average of the previous four years (the reference level), although these terms were subject to modification in some cases. Whether claims by Africa, Caribbean, and Pacific (ACP) states are considered "legitimate" and therefore warranted release of funds remained subject to the determination of the EEC Commission. Except in a few instances, STABEX transfers had to be repaid as soon as export earnings were higher than the reference level, but the borrowers paid no interest on the monies they received and repayment in any given year need not exceed what the country has earned from the price increases in the products covered by the agreement. For a useful elaboration of the terms of these arrangements, see Bishnodat Persaud, "Export Earnings Stabilisation in the ACP/EEC Convention," in Frank Long, ed., *The Political Economy of EEC Relations with African, Caribbean and Pacific States*, (Oxford: Pergamon Press, 1980), pp. 91-108.

changes,[5] and partly, perhaps, through donor error, including considerable vagueness in the terms surrounding the release of the third tranche of the loan.

Although the marketing board tasked with coffee and cocoa sales appeared to take steps to improve efficiency and openness in 1990-91, including opening its board to farmers' representatives, reforms in this area were subsequently frustrated. For example, the government stressed the importance of the export subsidy program for agricultural commodities but failed to fully implement the program.

There were some successes, however. The implementation of the VAT made export crop producers more competitive in world markets. Changes in the marketing of some commodities brought a closer relationship between market prices and producer prices and divided risk more fairly among different parties to the trade. Also, in some sectors, opportunities for nonproductive rent-seeking diminished as a result of changes in management practice.

1.2 National Political and Administrative Context

Between 1989 and 1993, the political and administrative environment in Côte d'Ivoire changed in three important respects: multiparty elections were introduced; the president ordered major organizational changes that affected the making of agricultural policy; and international commodity agreements to which Côte d'Ivoire was party proved unstable.

1.2.1 Electoral Rules and Legislative Behavior

Political liberalization began to alter the behavior of députés. Earlier, in a single-party system with party-list voting, there was greater incentive for candidates to heed demands of the officials of the Parti Démocratique de Côte d'Ivoire (PDCI) who nominated them, rather than the needs and demands of their constituents. With the switch to multicandidate single-party elections in 1980 and multiparty elections in 1990, candidates for public office had to begin to pay greater attention to voters in order to win at the ballot box. In the years between 1989 and 1993, Ivoirien députés were only beginning to learn what cultivating grass-roots support meant. Legislators behaviors did not change overnight. Even in 1990-93, farmers, leaders of *groupes de ressortissants,* and officers of new agricultural unions said that the députés for their areas were generally uninterested in lobbying for agricultural policies on behalf of constituents. Nevertheless, by the early 1990s, the députés did begin to involve themselves in policy formulation by taking positions on two issues—reducing the cost of fertilizer and privatization. There actions were quixotic in the first instance, and subject to manipulation by PDCI clientelist networks in the second.

[5]One of the president's wives, Thérèse Houphouët-Boigny, was rumored to receive a certain sum of money for every ton of rice imported into the country, and there was evidence of payoffs by companies selling rice on the international market, resulting in government purchase of rice at above-market prices.

1.2.2 Administrative Fragmentation

Administrative change took place at the same time as electoral reforms took effect. In 1990, President Félix Houphouët-Boigny appointed Alassane Dramane Ouattara primeé minister, creating a new post, and bringing to Côte d'Ivoire a man with long experience in the International Monetary Fund (IMF) and as Governor of the Banque Centrale de L'Afrique de l'Ouest (BCEAO). Ouattara set up an office with a staff of about 25 men and women to oversee development and implementation of structural adjustment reform in Côte d'Ivoire. The Primature, the prime minister's office, took the lead role in privatization of public enterprises, efforts to boost general economic competitiveness, and financial sector restructuring. However, except for the sale of several parastatals, agricultural policy reform remained outside the regular activities of the office.

Instead, responsibility for negotiating successive tranches of the ASAL with the World Bank was initially vested in the Direction des Grands Travaux (DCGTX). Grands Travaux was traditionally the location of projects the president wanted to protect from interference from competing clientelist networks. The basilica at Yamoussoukro, Notre Dame de la Paix, was managed by this special unit, which was neither ministry nor public enterprise, and was the only public agency directly under the control of the presidency, although it was later moved. Over the course of a decade, the Grands Travaux had acquired responsibility for public works, economic studies, and management of the investment budget and debt portfolios.[6] Some donors were unhappy about the location of authority for the management of agricultural reform in the DCGTX, in part because the organization's staff and advisers were perceived to favor *dirigiste,* or centralized, administered systems for managing the economy, instead of a market orientation. Initially, the DCGTX also attracted donor concern because its directors blocked donors from meeting with representatives of the ministries and enterprises that were to implement the reforms.

In connection with the creation of the post of prime minister and Ouattara's appointment to it, the DCGTX became part of the prime minister's office. With all ministries undergoing cutbacks and reform, the raison d'être for Grands Travaux came into question. For example, management of the country's debt was turned over to the new, enlarged ministry of finance. DCGTX became the base for technical studies—including those required as part of the privatization program. Among its other, now more limited, responsibilities was to help pineapple and banana growers reorganize their export trade. In this new form, relationships between donors and the government eased. Donors were allowed to pursue direct contacts with the other parts of the government responsible for agricultural policy.

A second center for agricultural policy formation and implementation after 1990 was under the control of Ministre Délégué Alain Gauze, who took responsibility for "matières

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[6]Yves-A. Fauré. "Le quatrième plan d'ajustement structurel de la Côte d'Ivoire: de la technique économique à l'économie politique." *Canadian Journal of Development Studies*, 8, 3 (1992), p. 420.

premières"—principally coffee and cocoa. The marketing board for these crops, the Caisse de Stabilisation et de Soutien des Prix des Produits Agricoles (CSSPPA) or CAISTAB, directed by René Amani, fell under his domain. In this area, leaders exercised strict control over technocrats, often intervening directly in everyday decisions. Some of the cocoa and coffee buyers suspected that for the technical specialists at the CAISTAB, this management approach inculcated a deep reluctance to make suggestions or to pursue ideas for reform. Gauze and the CAISTAB maintained a highly *dirigiste* orientation, in contrast to the prime minister's more market-oriented outlook.

The minister of agriculture and his deputies took charge of other commodities and agricultural policies, creating a third center for agricultural policy formation and implementation. The ministry of agriculture and rural development was reorganized in October 1989. Denis Bra Kanon, who had served as minister, was replaced by Vincent Pierre Loukrou, from Gagnoa, a region that had long harbored critics of the president. Loukrou was trained as an agronomist at the Ecole Nationale Supérieure d'Agronomie (ENSA) in Côte d'Ivoire and later studied at Rennes, France. He later received a master's degree in civil engineering from Colorado State University (1975) and a Ph.D. in civil engineering from Colorado State in 1979. He was appointed minister of forestry and water resources in July 1986, and took over the ministry of agriculture in 1989, when the two ministries were merged.

A year later, when the president appointed Ouattara prime minister, the ministry of agriculture again changed hands. Agriculture was merged with the livestock ministry to create the Ministre de l'Agriculture et des Ressources Animales. Lambert Kouassi Konan, another man with a technocratic background, was installed at the ministry's head. Lambert Kouassi Konan held a degree in agronomy from the École Nationale Supérieur d'Agronomie Tropicale de Paris and the Centre National de Recherches Agronomiques de Versailles. He taught at Côte d'Ivoire's Ecole Nationale Supérier d'Agronomie (ENSA) and became directeur du cabinet of the ministry of agriculture in 1970, a post he held for 6 years. In the mid-1970s, he was appointed president of SODESUCRE, the public enterprise charged with overseeing a vast and controversial sugar development scheme in the north. He served as député from the circonscription of Tiébissou and he was himself a planter of some reputation.

Responsibility for agricultural policy was sharply divided, and the perceived degree of commitment to policy reform varied concomitantly. There were few "policy champions" in a position to lead a far-ranging reform of the agricultural sector. As time passed, Ouattara dabbled increasingly in Ivoirien politics, partly in an effort to build constituencies for the reform program. His efforts were frustrated because many suspected that he harbored presidential ambitions, dim though his cultural heritage as a "northerner" and "outsider" (one parent was Burkinabé) rendered such hopes. Under his direction, the Primature opened its doors to parties involved in the privatization of agricultural parastatals and to exporters, who secured a voice both through their own association, the Groupement Professionel des Exportateurs de Café et de Cacao, and through the Union Patronale de Côte d'Ivoire. Ouattara made less effort, initially, to admit growers themselves to discussions in his office. His priorities lay with financial sector reforms.

Minister of Agriculture Lambert Kouassi Kanon was considered unusual in several respects. Although not always a champion of reform, he attracted widespread praise for his role in brokering discussions and helping to manage change, although he lacked the mandate to produce a real overhaul of the sector. Representatives of both the "opposition" syndicate and unions alleged to have links to the PDCI spoke highly of the Minister of Agriculture, whom they considered a "real farmer," who understood the issues involved and who sought to respond to problems creatively, even if "higher powers" often subverted his efforts. The Minister of Agriculture was considered unusual in several respects. He had the "esprit d'un privé," an appreciation of innovation, enterprise, and cost control that farmers were more often accustomed to seeing in the private sector. He went to see the projects his ministry financed, and he garnered points with his subordinates and the farmers for doing so.

In this period the Minister of Agriculture was also exceptional in tolerating the presence of civil servants who voted with the opposition. His staff included a small number of outspoken technocrats who had voted for the opposition, but considered their minister interested in their points of view, although they noted that both they and the minister were still getting used to this situation. Specialists in the ministry said they thought policy discussions were more direct than before and that the minister solicited a wide range of views. They attributed this difference in style to multipartyism and the change in attitudes that attended it.

The CAISTAB, the marketing board for coffee and cocoa, was an altogether different case. Donor relations with the directors were distant, although the EEC-financed team that eventually negotiated the terms of reform had a better rapport with CAISTAB personnel than did others. The leadership strictly regulated contacts between staff and outsiders, indicating which cocktail parties and meetings they could attend and which they had to decline. Initiatives for change came primarily from the donors.

The fragmentation of responsibility and the closed nature of these bureaucracies often frustrated farmers in their efforts to secure a hearing, and donors often had trouble speaking with their counterparts in the government. World Bank representatives complained that they had little access to civil servants in the ministries, although that situation improved in 1990 when Ouattara established a Comité Interministeriel de Suivi to monitor implementation of reforms, organized weekly meetings with the Bank, and made the Ministry of Agriculture more accessible. The Bank perceived in Ouattara's actions both indications of a stronger leadership for reform and signs of presidential backing, but it conceded that an increased need for money to finance government operations could have accounted for the greater openness as well.

1.2.3 Participation in Commodity Pacts

The third element of institutional and administrative change sprang from Côte d'Ivoire's participation in a number of international commodity agreements. There were two types: agreements that tried to maintain higher prices by manipulating a buffer stock and agreements that required countries to impose export or supply restrictions. The International Natural Rubber Agreement was an example of the former; the International Coffee Agreement was an example of the latter. The International Cocoa Agreement relied on buffer stock management, but Côte d'Ivoire's representatives had lobbied for provisions along the lines of those embodied in the terms for coffee. Although most of these agreements were moribund in the late 1980s, ongoing negotiations nonetheless held out the prospect of new accords to try to limit exports, thereby forcing world market prices higher.

- **International Coffee Organization (ICO) and Agreement (ICA).** During the period 1989-1993, Côte d'Ivoire was a member of the ICO and head of the Organisation Interafricaine du Café. Until mid-1993, the ICO was in disarray, however. It included both producer and consumer countries and was thought to have strengthened in 1989, when the U.S. government supported higher coffee prices for Latin American growers as an element in the war on drugs. In July 1989, the quota system collapsed over disagreements about market shares. Subsequently, producer and consumer countries were unable to agree on terms for regulating prices and supplies. The consumer countries favored a more "market-oriented" ICA with a universal quota system that would control exports to all destinations (to stop the re-emergence of a parallel market) and a selective quota adjustment mechanism (to ensure that quota allocations reflect consumer demand for different types of coffee). Despite extensive negotiations, agreement stumbled on several issues, including how to treat imports of coffee from non-ICO producer countries. By mid-1993, there was still no accord, and coffee prices were comparatively low.[7]

  In August 1993, prices soared with the news that producing countries had finally agreed to cut exports by 20 percent, but no specific terms were forthcoming.

- **International Cocoa Organization (ICCO) and Agreement (ICCA).** Four agreements regulated the cocoa trade between 1972 and 1993. Between 1989 and 1993, negotiations for a new agreement convened and resulted in the signing of an accord in July 1993. The first four agreements were supposed to support the price of cocoa through management of a buffer stock, sometimes in combination with export restraints and sometimes without such limits. The ICCO was empowered to buy surpluses when the world price was low and sell the stocks when prices climbed. To finance this arrangement, the agreements called for a tax on cocoa exports and imports. The 1980 accord, which Côte d'Ivoire did not sign, relied exclusively on the buffer stock for price management. In February 1988, the capacity of the buffer stock was reached and the ICCO had to stop buying beans, although prices remained below the target range. Failure of many member countries to pay dues and their buffer stock tax rendered the

[7]This explanation draws heavily on Robin Stainer, "Descent into Crisis: the ICO in 1992-93," In Helmut Ahlfeld, ed., *F.O. Lichts International Coffee Yearbook* (Ratzeburg, Germany: F. O. Licht, 1993), p. C21 (inclusive pp. C20-C25)

scheme ineffectual by the end of 1988.[8] The International Cocoa Council (ICCO), which oversaw the buffer stock of 231,000 tons, urged repeal of the system in June 1993.[9]

On July 16, 1993, under the auspices of the United Nations Conference on Trade and Development (UNCTAD), cocoa producing and consuming countries settled on a new international accord after more than a year of negotiation. The participants eschewed short-term price stabilization through export quotas. Instead, the pact now aimed to support and increase prices in the long run by taking steps to limit supply and boost consumption.[10] It established a production committee to propose indicative figures for annual levels of global cocoa production that would help achieve and maintain equilibrium. The committee would work to design and implement supply curbs, although there were no provisions for direct market intervention. (At the time the agreement was signed, producer countries had not decided how supply cuts would be shared.) A consumption committee would oversee efforts to pressure cocoa importing countries to remove or reduce taxes and import tariffs that limit consumption. The agreement could not take effect until ratified by at least five producer countries who together accounted for at least 80 percent of total exports and by importing countries that account for at least 60 percent of imports.

The effectiveness of the accord was limited by the fact that two important producing countries—Malaysia and Indonesia—and the major importing country—the United States— refused to join. These three countries did take part in the negotiations, however.

- **International Natural Rubber Agreement (INRA).** Under UNCTAD sponsorship, rubber producing and consuming countries signed an accord in 1979 and again in 1987, with the aim of limiting price volatility. The six producer members were Malaysia, Indonesia, Thailand, Sri Lanka, Nigeria, and Côte d'Ivoire. Unlike many of the other commodity pacts of which Côte d'Ivoire was a member, the Rubber Agreement relied on a buffer stock only—not on export quotas nor on production restraints. The 1987 accord reflected the heightened bargaining power of consuming countries in the mid-1980s. The accord was more flexible than the previous agreement in several respects. It required more frequent revisions of target price bands, limits the size of the buffer stock, and banned governments from borrowing to finance buffer stock purchases. At the time, producing countries feared that a break up of the agreement would result in

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[8] See Economist Intelligence Unit. *Cocoa to 1993: A Commodity in Crisis.* Special Report Number 1185. (London: Economist Intelligence Unit, 1989).

[9] "International Trade: Producer and Consumer Countries Reach Agreement on Global Cocoa Pact," Bureau of National Affairs, Inc. *Daily Report for Executives,* July 20, 1993, Section A, 137.

[10] Frances Williams. "Producing and Consuming Nations Close to New Pact, *Financial Times,* July 16, 1993, p. 24 and "Cocoa Pact Goes for Output Management." *Financial Times,* July 20, 1993, p. 22.

the dumping of the 370,000 tons of rubber the buffer stock had accumulated and a collapse in prices for years thereafter. After the signing, increasing demand for natural rubber restored some of the power of producing countries,[11] and the INRO balked at implementing the full terms of the agreement.

The arrangement started to collapse in April-May 1993. The three main consumer countries—the European Community, the United States, and Japan—protested that they would refuse to re-negotiate the agreement unless the producer countries adhered to a provision in the existing accord that stipulated automatic revision of the reference price up or down by 5 percent in the event prices fell above or below the existing reference for a sustained period, defined in the text.[12]

- **Bananas and Pineapples.** The early 1990s brought fevered negotiations between banana and pineapple producers in the Africa-Caribbean-Pacific (ACP) countries, Latin American growers, and European Economic Community representatives. The movement to a single market in Europe forced importing countries to harmonize their policies. Prior to 1993, France, the United Kingdom, Italy, Spain, and Portugal regulated imports of bananas. Germany levied no tariffs on imports, and other EC countries left the market otherwise unregulated. A prolonged struggle produced an elaborate arrangement, implemented in July 1993. The accord provided for import of up to 2 million metric tons of bananas under a tariff of 100 ECUs/ton. Bananas coming from traditional ACP producers would have first claim to this part of the market, and non-traditional ACP producers would have limited claim but would be exempt from tariffs. Imports above this 2 million metric ton level would be subject to a tariff of 850 ECUs/ton. For bananas in this tariff category, 66 5 percent of import licenses would be accorded Latin American producers and non-traditional ACP growers; 30 percent, to traditional ACP producers; and 3.5 percent, to others. The agreement created funds to assist 11 ACP countries, including Côte d'Ivoire, to improve production and marketing techniques through 1996. It also allocated funds to support crop diversification in Latin American countries. At the time the agreement went into effect, it faced strong attack from Latin American producers, who challenged its compatibility with the GATT. European producers also objected vehemently, although the accord offered compensation for losses they suffered as a result of the terms.

  To boost ACP country competitiveness, the EEC established a Comité de liaison Europe-Afrique-Caribe-Pacifique pour la Promotion des Fruits Tropicaux, Légumes de Contre-Saison, Fleurs, Plantes Ornamentales, et Epices (COLEACP).

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[11]See *Far Eastern Economic Review*, 136 (April 2, 1987), pp. 48-50 and Richard Stubbs, "Renegotiating the International Natural Rubber Agreement," *ASEAN Economic Bulletin*, 5 (November 1988), pp. 140-151.

[12]Inter Press Service (Global Information Network), April 2, 1993.

These agreements shaped the incentives for exporters and growers. Where there was a prospect of creating or maintaining export or supply restrictions, exporters and government officials potentially could capture rents by holding protected positions in the market or by controlling access to these. The struggle for these extra benefits tended to diminish the power of smallholders in the policy process. Where pacts were more market-oriented such rents did not exist and growers tended to have a bigger voice in policy.

1.2.4 Farmers' Organizations

The context of agricultural policy reform was thus characterized by (1) slowly increasing incentive for députés to seek redress of farmers' concerns through the national assembly, (2) fragmentation of administrative responsibility for the sector, with the major locus of discussion of agricultural policy remaining outside the Primature, and (3) participation in a variety of international commodity price pacts, some of which required the government to restrict exports and with them, new opportunities for nonproductive rent seeking.

In this changing institutional context, most aspects of agricultural policy remained the preserve of senior government officials and the president. Consideration of the interests of farmers depended on the way growers of particular commodities organized themselves, the strength of others involved in marketing crops, and the access both had to higher-level bureaucrats and the presidency.

The political liberalization of 1990 (see above) had provided incentive for the formation of new associations, including a number of unions, in the agricultural sector. Despite the fact that Félix Houphouët-Boigny had risen to political prominence through leadership of the Syndicat Agricole Africain (SAA), a farmers' union, through most of the post-independence period farmers remained un-organized. The SAA was absorbed into the Parti Démocratique de Côte d'Ivoire (PDCI), the ruling party, and growers lost the voice the syndicat had provided them in policy matters. The impulse to try to influence policy remained, however, and the first two years of multipartyism brought several private associations to the fore.

Exporters of primary agricultural commodities and private-sector traders had developed and maintained their own organization well before the country's political opening. Their lobby group, the Groupement Professionel des Exportateurs de Café et de Cacao (GEPEX) participated in talks with the government and was involved directly in reform negotiations at the Primature and the cocoa and coffee marketing board. The organization was a member of the Union Patronale de Côte d'Ivoire (UPACI), a business federation, and the elite status of its members also gave their interests important informal access to the president and senior officials.

There were several growers' associations. Long the domain of large plantation owners, pineapple and banana cultivation was organized early. Banana and pineapple exporters organized before the 1990 opening under the banner of the Comité Inter-Professionnel de l'Ananas et de la Banane (CIAB) and the Union des Entreprises Agricoles et Forestières, led by Jean-Baptiste

Amèthier. After September 1991, growers and exporters regrouped as the Organisation Centrale des Producteurs-Exportateurs d'Ananas et de Bananes (OCAB). OCAB had a representative mission in France, the Association de la Profession Bananière de Côte d'Ivoire (APBACI), which negotiated and coordinated with the Comité Interprofessionnel de Banane en France.

Smallholders organized to influence policy only after 1990. In July 1991, the main opposition political party, the Front Populaire Ivoirien (FPI) helped launch the Syndicat National des Agriculteurs de Côte d'Ivoire (SYNAGCI), a farmers' union with representatives from most regions of the country. Over subsequent months, SYNAGCI organized its own cooperative movement, with the aim of expanding the role of growers' cooperatives in the marketing of their harvests. It also limited its ties with the FPI, and although it continued to be known as an FPI union, it increasingly included members of other parties, including representatives of the government, at its meetings. For example, it invited the minister of agriculture to be the keynote speaker at a conference of its cooperative wing, COOPAGCI, in 1993.

Village-based marketing cooperatives, Groupements de vocation coopérative (GVCs), also gained influence in this period. Until 1990, the government recognized these cooperatives as the sole acceptable form of farmer organization. Agricultural parastatals usually provided extension services to farmers only through these vehicles, and limited funds for infrastructure development (e.g., wells) were granted primarily to communities whose GVCs donated part of their receipts as matching grants. Because their own promotions were linked to the number of new projects they helped initiate in the villages in their jurisdictions, préfets and sous-préfets were eager to create viable GVCs and to limit competition from other forms of association.

In the new political environment of the early 1990s, GVCs acquired reputations as the PDCI-linked equivalents of SYNAGCI and its affiliated cooperatives (COOPAGCI). Where before most cooperatives functioned in isolation from one another, Unions de GVCs sprang up, partly at the instigation of the government and donors. By mid-1993, the Unions de GVCs had grouped themselves into two main federations, one encompassing GVCs in the forest zone, where cocoa and coffee are produced, the other organizing GVCs in the north, where cotton production dominated. Over time, both SYNAGCI/COOPAGCI and the two federations distanced themselves from the political parties that had helped launch them. In some cases, common interest brought the two groups together, and, acting in concert, the associations were occasionally able to secure some concessions from the government through the threat of boycotts and strikes.

In 1991-92, unions formed for oil palm and rubber producers. The Association des Petits Producteurs d'Hévéas (APPH) combined representatives of rubber processing factories and growers in a trade association that remained comparatively inactive in this period. The Association des Planteurs de Palmier de Côte d'Ivoire (APPCI) received its instigation from Jacques Delafosse, a banker and member of the country's elite, who owned over 250 hectares of oil palms. Delafosse mobilized village growers of oil palms in an effort to secure favorable terms for farmers in the privatization of Palmindustrie, the public enterprise charged with production of palm oil (see below).

2. PRICING AND MARKETING POLICIES

Analyzing changes in pricing and marketing policies for cocoa/coffee and for bananas/pineapples is one way to assess the influence of the new agricultural unions in the politics of agricultural policy reform. The government of Côte d'Ivoire negotiated a series of changes in cocoa/coffee marketing with donors, only to abandon most of them in 1992-93. By contrast, many similar reforms pursued by growers of pineapples/bananas a few years earlier won passage and implementation and the focus of reform shifted to reducing input costs. Careful inspection of the events that produced these divergent outcomes can tell us much about the politics of policy change. In both instances, this analysis considers packages of reforms, because parties to the negotiations sought to trade concessions in a variety of areas in order to secure the desired changes.

2.1 Cocoa and Coffee Policies

Whether significant change in cocoa/coffee policies occurred in the period 1989-93 was a matter of considerable debate. The commodities trade journal *Marchés tropicaux* wrote that the reforms "resulted in a real change in the rules of the game, even if some judge them still insufficient."[13] Some at the World Bank credited the country with making significant efforts to liberalize internal marketing. The donors generally agreed that few changes had taken place to improve the management and transparency in the marketing board.

At the beginning of the 1989-93 reform period, as earlier, control over policies governing the marketing of coffee and cocoa was centered in the CAISTAB. The CAISTAB was created before independence and was designed to help stabilize prices of primary commodity exports, although it ceded responsibility for all crops except coffee and cocoa early in the reform period. When world prices were high, the CAISTAB maintained the difference between the producer price and the world market price, using some of the proceeds to cover marketing costs and saving the rest in order to pay out subsidies when world prices fell. The government could borrow from the CAISTAB's reserves to finance investment if it repaid the CAISTAB, and during the 1980s, 50 percent of the investment budget came from this source. Through a separate set of laws and institutions, the government levied an export tax on coffee and cocoa. For cocoa, this tax was 50 CFAF/kg on whole and broken beans, although the full rate was rarely applied in the late 1980s and into the 1990s because of the low world market price. In earlier years the government had raised about 15 percent of the country's revenues in this way. Indeed, during the 1980s, for both coffee and cocoa, this export customs duty was almost equal to the total costs of collection, handling, treating, packing, storing, and transport between the

[13] "Spécial Côte d'Ivoire." *Marchés tropicaux*, July 2, 1993, p. 1696.

farmgate and the port and constituted 43 percent of the cost of coffee on board ship and 53 percent of the cost of cocoa on board ship.[14]

The fund's reserves were depleted through government default on loans secured from the CAISTAB, poor cash management procedures, maintenance of a stable real producer price when world prices entered a period of steady decline, and periodic retreat from the market in the mistaken anticipation that such action would increase world prices. It is estimated that Côte d'Ivoire lost 280 billion CFAF (or about a billion dollars in nominal terms) between the 1985-86 season and the 1988-89 season alone, taking the difference between actual receipts and what the CAISTAB could have secured had it sold at the average market price. On average, the CAISTAB lost 32 billion CFAF per year with a peak level of 52 billion CFAF in losses for the 1989-90 season.

2.2.1 Donor-Government Relations

The 1989 Agricultural Structural Adjustment Loan agreement between the World Bank and the government of Côte d'Ivoire included conditions for reforming several practices supervised by the CAISTAB, as did the agriculture sector survey that preceded the agreement. The various interventions of the CAISTAB in the marketing chain were estimated to have cost more than 10 billion CFAF per year. The recommendations in the sector survey suggested that the CAISTAB reduce these costs and eliminate the opportunities for rent-seeking interventions that were created by divesting itself of freight and stocking responsibilities, as well as shipping regulation. It proposed creating a clearinghouse to prevent importers from delaying payments and thereby forcing Côte d'Ivoire to forgo interest earnings. It encouraged adoption of a more flexible and transparent system for negotiating contract prices. It supported allowing direct sale arrangements by private exporters on an experimental basis. Finally, it proposed a technical review of the cash management procedures in place at the CAISTAB. By 1990, however, the government had implemented very few of these reforms.

In 1990, the European Economic Community, supervisor of the STABEX Funds accorded Côte d'Ivoire under the Lomé Convention, evinced its concern about the pricing policies and management practices of the CAISTAB. The EEC hired a consulting team, the Association des Produits à Marchés (APROMA) to negotiate a series of reforms with the Ivoirien government. Between 1990 and 1993, the Conseil Technique hosted a series of negotiating sessions between APROMA, the CAISTAB, and exporters that were attended by representatives of the major donors: the EEC, the World Bank, the IMF, the African Development Bank, and the Caisse Française de Développement (the former Caisse Centrale).

The EEC/APROMA proposal sought to address three areas of cocoa/coffee marketing: pricing policy, internal commercialization, and management of export sales.

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[14]Egil Nielsen and Odd Skarstad, *Transport Routes and Total Transport Costs for Some Overseas Trades in Côte d'Ivoire, Cameroun and Burkina Faso* (Oslo: Norwegian Institute of Transport Economics, January 1987), p. 15 and p. 18.

Old policy. In the past, the CAISTAB announced a guaranteed farmgate producer price at the beginning of each season. This price was periodically revised upwards in nominal terms and remained relatively stable in real terms—until 1989. It varied as a proportion of the world market rice, depending on world trends.

When international prices were high, the government taxed growers and retained a portion of the revenue generated in this way as a reserve from which it could subsidize payments to farmers in years when international prices declined.

Licensed private traders were supposed to pay growers the official price, and they borrowed from commercial banks in order to finance these purchases at the beginning of each season. At the end of the season, the CAISTAB reimbursed the traders for the amount of cocoa or coffee they purchased at the official rate plus transport costs and handling charges. In 1990, after the CAISTAB cut farmgate producer prices by 50 percent, farmers were receiving about 53 percent of the world market price. For the 1991-92 season they received 65-70 percent of the world price. Traders received rebates for the amount they purchased from farmers (calculated in terms of the official price), plus 18 CFAF per kilogram for handling.

The CAISTAB offered quality premiums for coffee, according to the proportion of black beans. There were no official quality premiums for cocoa.

Proposed policy. The APROMA team recognized the need for a relatively stable price but opposed a guaranteed price on the grounds that guarantees create a heavy burden on state resources, limit the incentive for producers to optimize costs, and provide incentive to fraud. It sought to re-allocate the risk among the different participants in the marketing of the commodities. Under the proposed reforms, the CAISTAB would publish three reference prices, which would provide a basis for calculation but which would not be guaranteed. These included:

1) a farm-gate reference price

2) a similar reference price for cocoa beans delivered to local "factories" or collection points

3) an FOB reference price to guide export sales and reimbursement of exporters.[15]

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[15]The FOB reference price is calculated according to a complex formula. Once the FOB reference price is determined, it is possible to establish the other reference prices in the series. In general terms, the relationship between the FOB reference price and the farmgate price is as follows:

The APROMA team opposed the creation of quality premiums for cocoa on the grounds that these 1) reinforced the power of the local buyers (traders or *traitants*) vis-à-vis the growers, 2) provided an incentive for *traitants* to mix high quality beans with low quality beans up to the limit accepted by purchasers, and 3) required maintenance of regulatory agents in the field.[16]

Internal Marketing

Old Policy. Prior to 1990, the government of Côte d'Ivoire licensed private traders to purchase cocoa and coffee from farmers, stock beans, and transport beans to the port, delivering them to an exporter. *Traitants* were reimbursed for beans at the official producer price and for handling charges at levels fixed by the government. Reimbursement for transport costs varied according to the distance travelled. Farmers' cooperatives, or GVCs, could not market cocoa directly to exporters under this system. They had to work through the licensed *traitants*. Similarly, after a 1979 ruling prohibiting cooperatives from hulling the coffee they produced, all hulling occurred in the 16 joint-venture factories scattered throughout the country.

This system offered several avenues for non-productive rent seeking. At the village level, farmers had little information with which to evaluate a buyers' offer. The *traitants* often offered farmers prices below official levels, putatively as compensation for the service of providing immediate cash needed to pay school fees (instead of reimbursing farmers at the end of the season) or in return for other forms of credit. During the late 1980s, when buyers feared the government would lower the official price at which it reimbursed them and as farmers faced an increasingly severe cash crunch, the practice of offering farmers prices at a fraction of the official price expanded. Some of the *traitants'* concerns about losing money were justified. Other buyers made money, turning economic crisis and unpredictability into exceptional profit.

Second, requiring that traders acquire licenses from local governments in order to operate and limiting the number of these provided préfets and sous-préfets a point of rent collection. Traders sometimes had to pay off local officials not only to secure a license but also to render that license effective by providing exemption from informal road blocks that could either sideline or make too expensive a traders' cocoa and coffee

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Price at farmgate
\+ Transport costs to port
\+ Handling and transit costs in the port
\+ Customs and other duties
= FOB reference price
\+ Ocean freight
\+ Insurance
= CIF price

CIF Price
\+ Handling and transit costs, destination port
\+ Customs and other duties
\+ Transportation costs from port to importer
= Price at importer's gate

[16]Exporters could refuse deliveries that fell below the 105 bean per 100 gram standard for export.

stocks. Such *"barrages"* made of spiked metal strips or piles of tires were manned by armed members of the police force, customs, forestry service, gendarmerie, or army and proliferated during the late 1980s. They contributed to the soaring transport costs that were making Côte d'Ivoire's northern neighbors find alternate routes for their cargos.

Third, forcing coffee growers to sell to specified factories permitted local officials to organize access to the services the factories provided and to put in place informal quota systems. These measures not only interfered with efforts to optimize costs and benefits but also provided incentive for kickbacks in exchange for privileged access or for grading a crop at a higher quality level. Farmers in many parts of the country were convinced that the factories systematically over-discounted for black beans unless the grower had the money to pay for accurate grading.

Fourth, the differential reimbursement of traders based on the distance travelled provided incentive for traders to pay local officials in far-flung locations to sign shipping documents for cargo actually picked up much closer to the port facilities. The *traitants* secured reimbursement at higher rates and paid a kickback to compliant local officials.

By the end of the 1980s, the internal marketing of cocoa and coffee was dominated by members of the Lebanese community, who were less dependent than Ivoiriens on the often-illiquid banking system and had established elaborate networks to purchase protection from a variety of risks.

Proposed policy. The APROMA team proposed total liberalization of internal marketing, including elimination of trade licenses, abolition of the differential reimbursement of transport costs, legalization of coffee hulling by cooperatives, and provision of various forms of assistance to promote direct links between cooperatives and exporters as part of the *"ivoirisation de la filière,"* or ivoirianization of the marketing chain.

The *"ivoirisation"* of internal marketing featured importantly in the proposal and later discussions. It entailed creation of a credit facility or Fonds Mutuel d'Ivoirisation for cooperatives and farmers to replace the agricultural development bank (Banque Nationale de Développement Agricole, BNDA), liquidated because of the amount of bad debt in its portfolio. There was also talk of setting up an information system to help farmers learn about prices for inputs and what they produced. Improved extension or encadrement of cooperatives featured importantly in the proposal as did calls for boosting the level of organization and power of cooperatives (GVCs) so that these could become policy lobbies.

Strengthening the ability of cooperatives to manage their affairs and eliminating rules that permitted undue intervention by local officials in the cooperatives were also part of the proposals for reform of internal marketing. Under the old policy, local officials could refuse to license cooperatives on the grounds that there should not be more than one per village in order to secure economies of scale. Some local officials used this licensing power to ban new cooperatives that planned to sell their harvests directly to exporters (and would thereby undermine the lucrative relationship some officials maintained with local buyers to whom they provided protection, in return for a share of the proceeds). Intervention by local officials in the distribution of monies rebated to GVCs at the end of the season was also common. Because préfets and sous-préfets were evaluated and advanced in their careers partly on the basis of the number of local development projects launched during their tenure, they used various means to force GVCs to use a high proportion of their returns for village amenities, such as wells. Competition among cooperatives threatened to undermine this system.

Management of Export Sales

Old Policy. Under the system in place at the end of the 1980s, the Government of Côte d'Ivoire allocated quotas to private exporters each year. Licensed exporters could negotiate their own sales and the CAISTAB reimbursed them for the volume sold at a reference price determined in advance. This price usually ensured that exporters could make a profit (although not excessive profits). If the world market price fell below the reference price, the CAISTAB paid the exporter the difference. If the world price rose above the reference level, the exporter paid a tax to the CAISTAB. In short, as long as the government reimbursed according to plan, exporters faced little risk of loss.

The quotas had a business rationale; they were one way to implement restrictions on supply that might be stipulated by an international cocoa agreement among world producers. (Such an accord was not in effect for the period 1989-1993, however.)

There were two methods of sale. The CAISTAB itself could negotiate a contract with a buyer and ask exporters to supply the beans. Alternatively, exporters could find buyers and negotiate a price subject to CAISTAB approval. If the world market price was below what the exporter had to pay the traders, the CAISTAB reimbursed the exporter for the loss incurred—as long as it had the reserves to do so.

During the late 1980s and early 1990s, the CAISTAB failed to reimburse many exporters for their handling of cocoa and coffee. The debt of the CAISTAB to exporters amounted to 164 billion CFAF in 1992, when it was subject to renegotiation. Many exporters and banks went bankrupt, and the largest, JAG (Abile-Gal), in which Houphouët was a share-holder, teetered on the brink of survival (owed 5 billion CFAF, of which 3 billion was eventually paid).

Proposed policy. The APROMA proposal was designed with an understanding that despite its large share of the world market in cocoa, Côte d'Ivoire should behave as a price taker and pursue steps to hedge against risk with regard to both coffee and cocoa. The proposal had several parts, of which the main provisions were three.

First, the team reasoned that with foreign competition growing, Côte d'Ivoire was better off hedging its risk by selling part of its crop in advance and maintaining a continual presence in the market than it was trying to negotiate special deals with one or two buyers or trying to hold production off the market in an effort to influence the price. Under the proposal, the CAISTAB would sell approximately 1/52nd of the anticipated volume for the season each week of the year, thus maintaining a continual presence on the market. In this way, the government would sell about two-thirds of its crop forward.

The FOB reference price announced at the beginning of the season to provide a general guideline for exporters and the CAISTAB was to be calculated on the expectation that 66 percent of the crop would be sold at the market price (forecast as the average market price of the previous 12 months) and 33 percent would be traded on the futures market.

There would be no more quotas for exporters. Exporters, who had built their organizations around the anticipation of guaranteed volumes, would now have to compete with each other—and establish ties with producers in consequence.

The CAISTAB would retain authority to approve deals made by exporters and clear the release of tonnages sold. In response to exporters' demands, the APROMA team eventually negotiated installation of an electronic message system to rapidly register release notices and make these transactions more transparent.

The proposal also provided new terms for repayment of the CAISTAB's debts to banks and exporters. As eventually negotiated, debts to banks were subject to "une titrisation;" that is, the debt was transformed into securities, similar to convertible debentures on the assets of the CAISTAB. The Banque centrale (BCEAO) could buy back the debt by purchasing the securities. Alternatively, the banks and exporters could turn in the securities in lieu of paying taxes or as payment for shares in the enterprises the government sought to privatize. Presumably the holders of the securities could also swap or sell the CAISTAB's debt in that form. Of the total 164 billion CFAF debt to exporters, 151 was subject to an accord de titrisation at an interest rate of 8 percent and 13 billion CFAF remained payable in 11 years at no interest.

The progress made in implementing the reforms fell short of donors' expectations. Although initially the CAISTAB appeared agreeable, progress in implementing changes slowed by October 1991, especially in the areas of pricing and export management.

2.1.2 Involvement of Farmers' Lobbies

After spending the last half of 1991 and the first half of 1992 organizing themselves, in September and October 1992, the new growers' associations launched their first major efforts to influence policy. The Syndicat National des Agriculteurs de Côte d'Ivoire (SYNAGCI) and its cooperative wing, COOPAGCI, threatened to boycott deliveries of export crops and block roads to prevent movement of food to urban areas on three occasions.

The first was in October 1992, when SYNAGCI presented a cahier de doléances to the government and requested an audience with the prime minister. They set a date by which the Primature had to respond to them or risk a strike. At the top of their list of concerns were four items: maintenance of the reduced CFAF 200/kg producer price for cocoa, then the guaranteed price; relief from harassment by local officials; delay of requirements that they pay a CFAF 2000 levy at the beginning of the school year until after harvests were in (as well as elimination of school uniforms, which strained household budgets); and reduction of fertilizer prices. After some delay, Prime Minister Alassane Ouattara briefly received the delegates. The more significant gesture came from President Félix Houphouët-Boigny himself, however. Founder of the country's first agricultural union, now defunct, Houphouët did not wish to cede his reputation as the country's "premier paysan." He invited the SYNAGCI farmers to meet with him on the condition that the farmers accept him as their official patron and agree to meet jointly with the then still fragmented unions of Groupements de Vocation Coopérative (GVCs). After much internal debate, the SYNAGCI representatives agreed to do so. The officers of the union believed the meeting with the president was helpful in signaling to préfets and sous-préfets that harassment of the new farmers' association should stop; the préfets' past restrictions on the union's meetings ended. Further, they won the elimination of the school uniform requirements and a deferment of the school inscription fee until after the January cocoa harvest. Their other demands fell upon deaf ears, and they continued to have difficulty meeting with the prime minister or with Ministre Délégué Alain Gauze.

SYNAGCI issued additional demands and a new strike threat in April 1993. Although many of the union's proposals aimed at improving conditions for cotton growers in the northern part of the country, proposals on behalf of growers of cocoa and coffee held a central position as well. The platform included many of the policy changes embodied in the program of "ivoirisation," including (1) eliminating middle-men from the internal marketing of cocoa and coffee, (2) suppressing of customs fraud, (3) accelerating of efforts to finance compensatory programs [a rice-production program was underway], (4) eliminating of export quotas, (5) opening the coffee and cocoa campaigns before the beginning of the school year, and (6) electing a COOPAGCI representative to the new Conseil d'administration at the CAISTAB (the government had accorded UNECACI, not SYNAGCI the seat).[17] The proposals of the two, newly formed federations of GVCs—the Union Nationale des Entreprises Coopératives Pour le Café et le Cacao (UNECACI) and the Union Régionale des Entreprises Coopératives des Savanes de Côte d'Ivoire (URECOS-CI)—were similar. All three groups threatened to block the movement of food unless the government heeded their demands. At the last hour, the GVC federations bowed out, arguing that the government had shown willingness to listen to their main concerns.

In mid-July 1993, SYNAGCI again moved to win a voice in policy. They invited members of the press to a meeting with 80 of their members and presented their concerns. They reiterated the need to reduce the number of traders and other intermediaries still active in the

[17] *Fraternité Matin*, April 23, 1993, p. 3.

coffee and cocoa trade, to reimburse farmers for deposits they lost when the national development bank closed its doors, to give cooperatives a larger role in exporting their own harvests, to raise producer prices, and to cede farmers a greater voice in policy by reorganizing the regional Chambres d'Agriculture so that their members were growers, not bureaucrats. Sansan Kouau, the farmer-president of SYNAGCI, announced that August 26, one month hence, would be the "Day of the Farmer." At that time, if the government could not demonstrate that it had taken steps to address the problems, planters would barricade the roads for a day to warn of the future consequences of refusals to heed their concerns.

2.1.3 Patterns of Implementation

In the area of pricing policies, several problems surfaced. First, the EEC team was frustrated by the government's persistence in announcing farmgate prices as guaranteed prices, when the negotiated reforms called for use of a reference price only. There were also difficulties persuading the CAISTAB to calculate the FOB reference price using a formula based in part on the average world market price of the previous twelve months—a formula the CAISTAB technical specialists found too conservative. In coffee, the government-announced reference price was above the level the formula permitted and the donors demanded a demonstration that financing was available. The coffee campaign thus began four months late.

Second, with the nod of some of the donors, who thought price differentials could provide incentives for farmers to improve the quality of their crops, the government overrode the objections to quality premiums for cocoa the APROMA team voiced. In October 1992, the CAISTAB announced it would not buy small cocoa beans. On the grounds that the mid-season (April-May) crop generated a higher proportion of such small beans, the government revealed that it would also refuse to buy the mid-season cocoa crop of 1992-93. Certainly, it was the case that over 30 percent of the 1991-92 mid-season crop fell below the 105 bean per 100 gram level acceptable for export. Nonetheless, this step, which may also have been attributable to a shortage of government resources for buying the crop while world prices remained low, created new opportunities for fraud. It was widely believed that traders would continue to purchase the harvest at very low prices, then mix the beans into the following season's crop, claiming reimbursement for the extra tonnage at the official prices for the next season. Although the world price climbed at the time the government announced this measure, in the expectation that the supply of Ivoirien beans would drop 15 percent, buyers were quick to realize that traders might stock the mid-season crop and mix the beans with later harvests.[18] The Economist Intelligence Unit predicted that only 20 to 30 percent of the mid-season beans would actually be kept off the market.[19] By lending extra unpredictability to the estimates of quality and crop

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[18] Economist Intelligence Unit. *Country Report for Côte d'Ivoire and Mali*, First Quarter 1993 (London: Economist Intelligence Unit, 1993), p. 21.

[19] Economist Intelligence Unit. *Country Report for Côte d'Ivoire and Mali*, Second Quarter 1993 (London: Economist Intelligence Unit, 1993), p. 8.

volume, the initiative eventually depressed the world price of Ivoirien cocoa further. The world indicator price for cocoa in 1992 was at its lowest level, in real terms, since 1854.[20]

Third, the CAISTAB broke its agreement to maintain a continual presence in the marketplace. The APROMA team observed that Côte d'Ivoire was absent from the market between August 1991 and February 1992, instead of selling 1/52 of the crop each week. The reams of data the EEC negotiating team generated to show the consequences of the country's withdrawal had not met with a receptive audience.

Some progress was made in restructuring the *filière,* or marketing chain, although *"ivoirisation"* could not occur quickly and a considerable proportion of the trade remained in the hands of Lebanese traders. Replacement of factory-based hulling of coffee beans with farmer-supervised artisanal hulling met with considerable success. In 1991, with monies from the EEC, the government set up a 2-billion CFAF guarantee fund to enable cooperatives to borrow from commercial banks in order to buy coffee decorticators for hulling. By the end of 1992, the proportion of the coffee crop hulled artisanally—that is, by village cooperatives—was officially estimated at 55 percent. The quality of the coffee sold improved, with the proportion of black beans dropping from 25 percent in 1990-91 to 15 percent in 1991-92, in large part because farmers could remove the black beans from their crop more easily in an effort to secure the premiums offered for high-quality production.[21]

Efforts to involve cooperatives in marketing their produce directly to exporters met with less success. The share of cocoa sold to exporters by cooperatives was about 40 percent in the 1990-91 season, but the level dropped to about 20 percent the next year because of financial difficulties experienced by many of the cooperatives. Some farmers reported that the old buyers and the exporters had forged alliances, and that exporters would not buy from the cooperatives and other newcomers. Incentive for such alliances and creation of barriers to entry certainly existed. To the extent that the government continued to reimburse exporters for payment of a guaranteed farmgate price while it did not enforce payment of such prices to growers, it was possible for the former license-owners, many of whom could pay farmers who desperately needed cash up front, to secure beans at below the government-announced price. Both the trader and the exporter could collect extra cash in this way, dividing the difference between the actual price paid for the beans and the reimbursed price.

There were indications that quite different alliances were poised to take over. Driven by the specter of competition and the need to secure a predictable supply of high-quality cocoa and coffee beans in a turbulent commercial context, some of the larger exporters started to engage in vertical integration. The larger export houses went directly to cooperatives and struck deals with farmers, cutting out the middlemen or redeploying them in new organizational structures.

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[20]Economist Intelligence Unit. *Country Report for Côte d'Ivoire and Mali*, Second Quarter 1993 London: Economist Intelligence Unit, 1993), p. 8.

[21]Randy Zeitner. U.S. Agricultural Attaché in Abidjan.

As early as 1989, the Société de Gestion des Produits Agricoles negotiated an exclusive relationship with several GVCs in the southwest. One of the largest traders, SIFCA, later created a new société along these same lines. Local authorities intervened on several occasions to block establishment of such ties.

Least progress was made in the reform of the CAISTAB, the marketing board for coffee and cocoa. In April 1991, the administrative council of the CAISTAB was enlarged to include representatives of all sectors of the cocoa and coffee industries, including farmers, manufacturers, exporters, and bankers. Under the terms of the restructuring of the CAISTAB's debt, exporters and banks to whom the marketing board owed money held securitized claims on its future earnings. This step was also seen as a move toward greater transparency, but as of mid-1993, the expanded administrative council had never met.

Although the system of allocating quotas to individual exporters was abolished in 1991, it remained in effect in practice. If not maintained by officials of the CAISTAB through informal agreements, it was easy to enforce the system through the manipulation of customs collection, long a site of informal quota administration for a variety of products coming through the port of Abidjan. Instructions to customs agents to slow or halt some shipments—or levy exceptional taxes—and to expedite others made restriction of exports possible and rewarding, in monetary terms, for both customs officials and the senior politicians who received kickbacks from transactions at the port.[22] Not all donors believed elimination of quotas would enhance management of exports. Some suggested that most of the volume would be traded by five firms, which would act as oligopolists in the absence of quotas and would undermine efficiency. U.S. government figures did not support claims of such high concentration, but because of the complex interrelationships between firms, others' estimates of concentration may have been accurate.[23]

Exporters were also concerned about the continued lack of transparency in the procedures used by the CAISTAB to release shipments. In a mid-1992 meeting, at which exporters were

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[22]Interviews of cocoa and coffee carriers at the port of Abidjan in the late 1980s revealed considerable frustration with the system of customs administration in Côte d'Ivoire. Researchers Nielsen and Skarstad noted that, "It was mentioned repeatedly that all customs clearance was very complicated and time consuming. Export cargoes, which in many countries are not cleared through customs at all, could be checked 5-6 times. Also the number of documents needed and the time required for getting them through the various offices was frustrating." Onboard tariffs (stevedoring) were generally considered "confusing and unrealistic." Egil Nielsen and Odd Skarstad. *Transport Routes and Total Transport Costs for Some Overseas Trades in Côte d'Ivoire, Cameroun and Burkina Faso* (Oslo: Institute of Transport Economics, 1987), p. 57.

Reform of customs has proven an intractable problem in Côte d'Ivoire. The government hired the Swiss firm, Société Générale de Surveillance (SGS), the same firm that successfully reformed customs in Indonesia, to clean up the administration of the port. Little change has been observed in the Ivoirian case, however.

[23]United States Department of Agriculture, Foreign Agricultural Service, 1990 Country Report for Côte d'Ivoire, n.p.

present, but not farmers, the APROMA team sought to broker a new agreement, one of the provisions of which was creation of an outside monitor and installation of a computer system designed to ensure transparency in the release of shipments, which they believed were still subject to discretion or even discrimination. Still skeptical, the exporters insisted on a trial period in which they could register operations both by computer and by telephone. They continued to evince concern that some exporters would be able to secure shipment release letters but not beans while others would have beans but not permission to ship them, unless cash changed hands informally.

The negotiations in the last quarter of 1992 allegedly reestablished consensus on four main rules. The first was to ensure a continual presence in the market, through the sale of 1/52 of the crop each week. The second was the forward sale of 66 percent of the anticipated crop volume and the use of an FOB reference price based on the formula originally agreed to (reflecting the average price of the previous 12 months). The third was to reduce stocks to zero by the end of the campaign. The fourth was to revise reference prices throughout the campaign.

2.1.4 Farmers' Associations and Implementation of Reform

How influential were the farmers lobbies in the reform of the cocoa/coffee sector? The pattern of reform suggests that Côte d'Ivoire's participation in an international pricing pact created a distinctive political economy in which growers had little bargaining leverage. By making it necessary to restrict exports or supply, participation in the International Coffee Agreement and, at times, the International Cocoa Agreement, created special opportunities for rent-seeking. Hamstringing the reform process were people who had acquired privileged positions in the market as a result of the accord. They included exporters who faced limited competition, exporters and *traitants* who together profited from paying farmers prices below official levels while claiming reimbursement at government rates, and government officials who either held personal investments in the export business or who received payments for selectively allocating quotas. Although improvement in the overall health of the sector was essential if each of these parties was to continue to receive benefits, all defended past prerogatives and tried to reestablish these through informal means when the reform negotiations produced changes in the official rules of the game.

The mounting power of farmers' unions enabled smallholders to secure benefits from some aspects of the reforms. Farmers' bargaining leverage increased during the reform period, as first SYNAGCI and later UNECACI, the federation of GVCs for the forest zone, gained adherents and appeared increasingly able to launch effective blockades against the movement of food crops in the events their demands were not met. Further, the farmers had allies in the donor agencies, where some personnel held deep, almost ideological commitment to "*encadrement rurale*" and others saw rural projects as a relatively easy means of moving aid monies. In particular, the European Development Fund invested extensively in projects to improve the management of cooperatives. But growers were unable to amass enough bargaining leverage to generate the overhaul of the CAISTAB or the export system. They continued to lose in important ways.

The pattern of reform suggested a tacit "deal" in which the second plank of the reform program, the "ivoirisation de la filière," was designed to win at least grudging support of the farmers. On the benefit side, growers won greater opportunity to market their own production to exporters, despite the fact that some local authorities continued to discourage such practices. Assistance from the EEC to replace the services once provided by the BNDA helped ease the credit crunch that afflicted the sector. Growers also won suppression of many of the practices that enabled local authorities and traders to extract extra taxes or offer farmers very low prices, although actual adoption of these changes was slow in some regions.

Arguably the government's unwillingness to move away from a system of guaranteed prices, which slowed pricing reforms, was also a gesture of goodwill toward the farmers. Stable, guaranteed producer prices had been part of the social contract between the Parti Démocratique de Côte d'Ivoire and the rural population since before independence. They were part of popular ideology. In a period of increasing political competition, PDCI officials were loath to appear as if they were abandoning that commitment, although, in the long term, the performance of the sector depended on the ability to optimize use of resources through the use of market prices.

Finally, although the government's decision not to purchase the mid-season cocoa crop met with ire from some farmers, others understood this measure as an effort to stop the collapse of prices.

Through the middle of 1993, however, the changes had made little difference in the conditions farmers actually faced. For example, through informal arrangements and by virtue of their ability to pay cash up front for the harvests they bought, the Lebanese middlemen remained in control. Further, some of the provisions for liberalizing the internal marketing system also threatened to hurt some farmers. The repeal of geographic differentials in reimbursing the transport costs of traders was designed to clean up fraudulent invoicing by traders and local authorities, who conspired to claim greater *kilometrage* than was actually traveled. Cooperatives from far-flung locales that sought to market their crops themselves would face higher cost structures than their counterparts in the south, who were closer to a port, and there were signs of dissension on this issue.[24] Nonetheless, suppressing the transport differential made it possible for the CAISTAB to save the millions of dollars it had cost annually to implement the reimbursement system.

Improvement in the overall health of the sector depended on reforms in export management, and in that area there was little progress. In theory, the exporters should have appreciated important segments of the proposed reforms. If the CAISTAB maintained a continual presence on the market and sold 1/52 of the crop each week, the exporters would be protected from the risk of buying beans only to find that the government had decided to block all releases of shipments.

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[24]*Fraternité Matin*, March 10, 1993, p. 3.

2.1.5 Political Elite and Bureaucratic Interaction in the Implementation Phase

One possible explanation for the lack of reform in the management of exports is that senior decision-makers, especially René Amani and Alain Gauze, remained convinced that Côte d'Ivoire could control world prices and the terms of its cocoa sales. The notion that there is a "just price" and that prices are the result not of forces of supply and demand but of political deal-making was pervasive in Côte d'Ivoire, as in many other developing countries. It was perpetuated in part through UNCTAD, which enshrined pricing pacts in its commodities development program in the 1970s. The circulation of members of the Ivoirien elite between jobs in the CAISTAB and jobs with the ICCO ensured that the UNCTAD philosophy would receive a serious hearing in Abidjan. For example, Kouamé N'Guessan, who was charged with sales at the CAISTAB through much of the 1980s, was the spokesman for the producers at the 1993 cocoa agreement negotiations.

In Côte d'Ivoire, this view was best captured in a book by Marc Ziké, entitled *Café/Cacao: La rébellion ivoirienne contre les multinationales,* with a preface by Henri Konan Bédié, the head of the National Assembly, and Alain Gauze. The book suggests that Côte d'Ivoire had two choices. It could accept the "deficiencies of the international market" and count on increasing volume of production to maintain income from agriculture as prices decline or it could develop a strategy "to humanize, moralize, and modify the rules and practices that regulate the trade between producing countries and consuming countries." Ziké argued in support of some of the steps Côte d'Ivoire had taken in the 1980s, including rejection of the 1980 international accord on cocoa, suspension of payments on the foreign debt as long as prices paid by creditor countries make it difficult for borrowers to honor their agreements to reimburse loans, and by-passing intermediaries in order to sell all of the country's production to one or two large buyers. The problem was really one of managing the market to secure a just price. The main villains were speculators.[25]

This view had some basis in the real experiences of policymakers. In cocoa and even in coffee, to a more limited degree, Côte d'Ivoire did have some ability to influence the prices of the commodities it produced, so large was its market share. Managing that power was difficult. Distributing the costs of withholding exports or reducing supply among domestic actors and allocating risks internally were tasks that required a strong state, and the Ivoirien government had not always shown itself capable of convincing its own elites to bear the burdens necessary to pursue such nonmarket, *dirigiste* policies over the long term. To manage such a strategy, a country must also be able to convince foreign buyers that it can deliver quality commodities at the higher price it insists it should receive and that it has sufficient financial stability not to have to retreat from that position, selling beans at low prices to buyers who wait long enough. Côte d'Ivoire's inability to prove convincing on both counts led buyers to discount Ivoirien cocoa in 1993.

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[25] Marc Ziké. *Café/Cacao: La rébellion ivoirienne contre les multinationales.* (Abidjan: Editions Amis, 1990).

The donors may have contributed to the intransigence in the attachment of senior decision makers to nonmarket policies, too. The World Bank's 1986 Agricultural Sector Survey for Côte d'Ivoire forecast of the 1990 price of a ton of cocoa was 100 percent above actual levels, and coffee was similarly overprojected. The elaborate econometric models that generated these forecasts leant "scientific" reinforcement to the tendency of Ivoirien policymakers to be optimistic about price trends and to eschew measures to hedge against risk. The 1986 agricultural sector review stressed the need to use the country's comparative advantage and cited boosting cocoa production as one example of what the country *should* do, although by 1989, the Bank had retreated from that recommendation and sought to shift incentives in favor of coffee and other diversification crops. Although the optimism of the donors for cocoa waned rapidly in the late 1980s, it was always possible to find forecasts that predicted an imminent jump in cocoa prices. For example, in 1993, the ICCO issued a report that concluded the structural surplus in the world market that had lasted from 1984 to 1991 had ended.[26]

It is nonetheless important not to overemphasize this kind of argument. In the management of some other agricultural commodities such as fresh pineapples, bananas, and rubber, Côte d'Ivoire has shown greater willingness to link producer prices and FOB reference prices much more closely to trends in the world market. That variation among commodities suggests that the rationale for guaranteed prices and administered export constraints with regard to coffee and cocoa was linked partly to the pattern of vested interests that evolved in response to the demands imposed by international pricing pacts.

There were at least two ways in which the international political economy of cocoa and coffee pushed the CAISTAB's directors to reject a continual presence in the market and retain informal quotas. Certainly there were powerful vested interests opposed to suspending quotas. Senior decision makers may also have decided that member countries were finally nearing agreement on international cocoa and coffee accords that would require restriction of exports. In that case, it made no sense to eliminate the quotas altogether, because the CAISTAB would then have to reestablish some system for deciding whose beans could leave the port. It would have to choose among four main alternatives: (1) a first-come, first-serve system, which had generally proven politically disruptive, (2) a quota system along existing lines, (3) a two-stage auction of export licenses in which both the right to export and then the amount were subject to competitive bidding, and (4) allocation to companies according to their historical market shares.[27]

A final observation is that if growers lacked bargaining power in the cocoa/coffee reforms, the leverage of local exporters was also more limited than the power of exporters with ties to France. The strength of French and foreign exporters in the reform negotiations was made clear in a curious intervention by the French presidency. In 1992, the privately held

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[26] Economist Intelligence Unit. *Country Report for Côte d'Ivoire and Mali* Second Quarter 1993 (London: Economist Intelligence Unit, 1993), p. 18.

[27] I owe this observation to Robert Bates.

American company, Cargill, Inc., sought to enter the Ivoirien cocoa and coffee trade by attempting to purchase JAG (Abile-Gal), the company in which Houphouët-Boigny was a part owner. The commodities trading giant (revenues for 1991 alone totaled $49 billion) conveyed its offer through its cocoa subsidiary, based in Holland. The impending deal pleased even the opposition marketing cooperatives (COOPAGCI), who saw in Cargill a well-financed and stable partner, and the deal received the president's approval. The arrangements subsequently ground to a halt, reportedly because the Elysée Palace feared that in the absence of quotas, Cargill's entry into the market would ensure the collapse of weaker French exporting firms, who, in turn, would be unable to pay their debts to French financiers. Cargill had no need to borrow from local banks, which charged 20- percent interest on loans for cocoa and coffee purchases. This kind of intervention by the French government, coupled with the strong representation of French business interests in discussions at the Primature through the lobby groups for exporters and businessmen, and the Club d'Affaires Franco-Ivoiriens, gave a neocolonial cast to cocoa/coffee policy in the view of many Ivoiriens.

2.2 Pineapple and Banana Policies

In the pineapple/banana sector, in 1989-93, the emphasis of reform was on reducing input costs that threatened growers' competitiveness in a changing international trade—in particular, charges for agricultural chemical inputs, bags, and shipping. Debates about the past organizational and quality-control problems of the sector and the later discussions of competitiveness took place in an atmosphere of greater openness (although not necessarily with less rancor) than prevailed in coffee/cocoa. Why the difference?

First, the international context of the banana and pineapple trade diverged in some key respects from that of cocoa/coffee. There were no producers' pricing pacts for these commodities, because the competition was so intense among the many countries engaged in cultivation, export, and processing. The industry imposed no quantitative restrictions on its members in an effort to boost prices, but that did not mean that trade in bananas and pineapples was unregulated. Instead, the locus of restraints lay with bilateral agreements between individual European consuming countries and producers and later, through a special EC agreement. Until mid-1993 and in much-reduced form thereafter, Côte d'Ivoire received some shelter from the intense competition of Latin American producers, whose exports of fresh bananas, for example, were aggressively marketed by three large multinationals, Chiquita Brands, Castle and Cooke, and Del Monte. In short, absent international agreement to restrain production and export, there was neither pressure from other producers nor price-related incentive for Côte d'Ivoire to maintain a system of quotas or other mechanisms to favor some farmers over others, although there were quality and reputational concerns that impelled occasional, unsuccessful resort to such measures. Private foreign interests were active in the sector and in policy discussions, but French-owned export firms were less involved in the banana/pineapple trade than in coffee and cocoa. Instead, many growers were themselves exporters.

Second, in the banana/pineapple sector a few large farmers dominated, although village growers accounted for some of the production. Growers of bananas for export were usually farmers with comparatively large land-holdings in Côte d'Ivoire. The need for special types of care, including elaborate bagging during cultivation, created barriers to entry that only larger plantations were able to surmount. Growers of pineapples for export tended to have similarly large holdings, although the reasons for this were different[28]

2.2.1 Growers and the Initiation of Reform

Growing informality in the pineapple trade during the 1970s brought with it declining quality and complaints from European buyers, forcing the larger growers to try to reorganize

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[28]Over most of the post-independence period, small growers of pineapples were restricted to production of fruit for canning, where the quality standards were lower than they were for export of fresh fruit. A French company, the Société Alsacienne de Conserverie d'Ananas (SALCI), organized village production in the southeastern part of the country during the 1950s to supply a canning plant it constructed. In 1969, responsibility for extension services was transferred from SALCI to the Société d'Etat pour le Développement de la Production des Fruits et Légumes en Côte d'Ivoire (SODEFEL).

Production of pineapples for export fresh to European markets had developed separately from the canning industry and was limited by the government to farms near Yamoussoukro, Divo, Tiassalé, Sikensi, and Agboville, on the grounds that rainfall levels and soil types were better-suited to high-quality production there than in the Southeast. The restrictions meant that these activities could be opened selectively to senior political elites and friends of the regime, who quickly came to dominate. For example, grower Jean-Baptiste Améthier held the posts of mayor of Bonoua, an important town in the Southeastern pineapple-growing district, and head of the Union des Entreprises Agricoles et Forestières, an independent organization of plantation owners and timber producers, while friends and family were important pineapple producers. From Guadeloupe and a family of pineapple/banana growers, Jacques Foccart, De Gaulle's official liaison with Francophone African leaders and a man of considerable importance in French-African relations, for better and for worse, is also reported to have maintained investments in the Ivoirien pineapple industry. (Source: From interviews. For more information on Foccart's other African connections, see Jean-François Médard, "The Patrimonialization of Franco-African Relations: Political Exchanges, Economic Exchanges, and Social Exchanges." Paper prepared for a Workshop on Changing Forms and Dimensions of Public Corruption, University of Leyden, The Netherlands, April 2-8, 1993.)

It took considerable financial resources to purchase the inputs necessary for high-quality production, and the large growers who could afford to invest quickly organized themselves to push for favorable policies. Some received loans from the Banque Nationale de Développement Agricole (BNDA), without pressure to reimburse (thereby contributing to the Bank's demise). They sought and won ability to export their own harvests as well; the fresh fruit trade became the domain of planter-exporters, as in the case of bananas.

The division between the canned pineapple and export pineapple parts of the trade began to break down in the late 1970s, when intense international competition in the canned pineapple market, particularly from Thailand, pushed Côte d'Ivoire's comparatively less efficient processing plants into debt and bankruptcy. Production levels managed through SODEFEL collapsed, as smallholders cut deals with larger growers to buy up a portion of the village pineapples and merge them with their own harvests for sale fresh to European markets. Not only did volumes available for local transformation decline, but also farmers who had secured fertilizer and other inputs on credit from SODEFEL then sold their output for export, making it impossible for the parastatal to secure reimbursement of input loans through deductions from farmers' receipts. Plantation owners, too, breached the earlier territorial restrictions, creating larger farms in the Southeast in order to take advantage of higher rainfall (thus lower irrigation costs, although at the risk of too much water for optimal quality) and greater proximity to the port (thus lower transport costs). The government simply looked the other way. (See discussion in Jean-Philippe Colin. Mutation d'une économie de plantation en basse Côte d'Ivoire. (Paris: Editions de l'ORSTOM, 1990)).

the industry. There were three such efforts. For several years, the government sought to organize export of fresh pineapples and bananas through a parastatal, COFRUITEL, which it dissolved in 1985. It was replaced by the Comité Interprofessionel de l'Ananas et de la Banane (CIAB), which included growers in its management. In 1991, CIAB ceded its place to a similar group, the Organisation Centrale des Producteurs-Exportateurs d'Ananas et de Banane (OCAB).

OCAB focused its lobbying efforts on reducing costs and increasing competitiveness. This focus stemmed in part from the failure of earlier efforts to restrain trade. In 1986, at government instigation, CIAB had tried to manage exports through a quota system, putatively as a way to prevent growers from flooding the market with low-quality production after the liquidation of COFRUITEL. To receive a quota, a cooperative, planter, or company had to produce at least 15,000 metric tons of fruit per year. Only 3 or 4 of the 20 private firms engaged in production could meet this criterion, and the system rapidly collapsed. There were other problems, too. Under the CIAB's control, many planter-exporters had accumulated debts to shippers. In December 1990, the carriers demonstrated their intent either to be paid or to boycott Ivoirien production by seizing a load of fresh pineapples and auctioning them at the Marseille harbor in France, using the proceeds as partial reimbursement.

Under OCAB, the quota system disappeared. OCAB proceeded to push for policies that would help growers lower the costs of inputs. Herbicide/pesticide charges were high as a result of tariffs levied at the port. Ivoirien farmers argued that these rendered the country's growers less competitive in the world market. Although fertilizer costs were comparably lower, the farmers indicated that these too were a problem. The bags and cartons produced locally (with government participation) sold at prices above the levels paid by farmers in many other countries, although a World Bank representative noted that OCAB owed debts to package companies and had therefore contributed to the difficulty of reducing costs.

Most important, international refrigerated transport was estimated to cost twice the going market rate. Côte d'Ivoire participated in three conference line agreements[29] (the Continental West Africa Conference, the Mediterranean West Africa Conference, and the American West African Conference), which regulated the proportion of freight that must go by an Ivoirien shipper, a destination country shipper, or other transporters in a 40-40-20 ratio. SITRAM, the public enterprise in charge of ocean transport, maintained three refrigerated cargo ships suitable for banana and pineapple transport and used these as well as others it hired to fill its 40-percent quota. During the 1980s, banana exporters complained that the boats were often late or tended

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[29] A conference line agreement is an arrangement between multiple countries to regulate the proportion of shipping that must travel by export-country shipper and importing country shipper. These agreements violate U.S. antitrust law, but they are tolerated by many countries. In December 1992, the European Community judged the Central West Africa Line Conference in violation of EC anti-trust legislation and fined participating shippers a total of 10.1 million Ecus. It started to look at possible abuse of previous exemptions from anti-trust law by other conference lines as well. The long-term effect may be to reduce transport costs. For the EC position, see James Calderwood, "Ocean Conferences Flex Their Muscles," *Transport and Distribution*, 34, 5 (May 1993), p. 53.

by inexperienced crews, who damaged the fruit. In the early 1990s, the problems were mainly price related. Local economists suggested that SITRAM had over-invested in some kinds of equipment and was seeking to amortize its costs quickly. Use of air transport by pineapple growers, who had purchased cargo services from Air Afrique during the early 1980s, was prohibitively expensive.

2.2.2 Donor-Government Relations in the Initiation Phase

Along with the grower-exporters themselves, the World Bank and the EEC were the major source of pressure for trying to enhance competitiveness. The EEC had negotiated a new, unified policy regarding imports of bananas and pineapples that sheltered ACP production (see above). There was concern that the agreement would not stand up in the face of Latin American producer country charges that it violated the spirit of the GATT. The agreement was also under pressure from consumer groups and European growers, who were paying the price of the remaining protection afforded the ACP countries. The EEC thus launched a series of seminars designed to help growers understand the quality and price standards they would increasingly face in the European market and discuss technological improvements that could boost competitiveness.

In 1992-93, with at least the moral backing of these two donor groups, growers lodged requests with the appropriate ministries for reduction in fertilizer and transport costs. In the case of fertilizer, the government announced that it would remove taxes to help bring the cost of complex fertilizers within the reach of more farmers. As of mid-1993, the ruling had not been applied (see below). Efforts to liberalize shipping met with still less success. Although the minister of agriculture supported the proposal, the minister of transport, who was a director of SITRAM, blocked the growers' initiative.

2.3 Conclusions

What does comparison of these two cases suggest about the roles of different actors in agricultural policy reform and about the influence of producer associations in particular? First, the behavior of exporters in the policy process varied with the character of the international price pacts that influence the trade of a commodity. Where UNCTAD-sponsored agreements sought to restrain exports or limit supply, governments of producing countries had to establish some mechanism for complying with these rules. Typically that meant use of export quotas. Quota-holders were willing to pay extra for the privilege of participation, especially where marketing boards reimbursed them for costs and a reasonable level of profit and made their ventures nearly risk-free. In so doing, they helped create vested interests of a political class in the maintenance of trade restrictions. The interests of this group remained paramount. Farmers secured some intervention by donors on behalf of *"ivoirisation de la filière,"* but the government balked at implementing changes needed to improve the health of the sector overall. In Côte d'Ivoire, coffee and cocoa displayed these characteristics.

Where no such pacts existed or where they included no provisions for quantitative restrictions, the interests of exporters and growers diverged less seriously and boosting competitiveness took priority over apportioning risks and rents. The focus of reform was on reducing shipping and other marketing and growing costs. In Côte d'Ivoire, the character of reform in the banana/pineapple trade, where no international accord restricted supply or exports, shared these characteristics.

Second, the demands of the new farmers' associations were distinctive. Although some of the social science literature would lead us to expect these lobbies to support rules and procedures that restrain trade and allow farmers to appropriate rents for themselves, the farmers' associations did not do so in the 1989-93 period. A return to high and guaranteed producer prices was certainly on the agendas of some of the groups, but priority went to trade liberalization measures that would either help growers reduce costs and/or enable them to secure a higher proportion of the world market price for themselves.

Third, the leverage these producer groups used in trying to gain a voice in policy took two main forms. The first was the threat of a farmers' general strike that would block movement of export crops and/or food to port facilities and urban areas. The strike option surfaced on at least three occasions in 1992/93. The second lay in the battle to control public perception. The president had cultivated a reputation as the country's "premier paysan," and the SYNAGCI took direct aim at that claim, calling press conferences and public meetings to highlight the abandonment of farmers by their government.

Fourth, ability to secure a voice in the policy process was a function of organization. In the banana/pineapple sector, where plantation owners organized early and later incorporated village producers in some of their activities, farmers won a seat at the negotiating table much earlier than they did in the coffee-cocoa sector. In 1991-93, cocoa and coffee growers, newly organized, were only beginning to secure hearings with the ministry of agriculture and the prime minister. Although allocated a seat on the conseil d'administration of the CAISTAB, they had not had the chance to occupy that role.

3. SEEKING REPEAL OF TARIFFS ON FERTILIZER

Fertilizer pricing policies and marketing were not high on the list of reforms donors sought in Côte d'Ivoire. The government had removed most subsidies during the 1983-84 agricultural season, when it stopped controlling the prices the local factory could charge. Agricultural parastatals purchased fertilizers through a system of competitive bidding in the international market, in theory keeping domestic prices close to world levels.[30] Only growers of irrigated rice and tobacco received fertilizer at reduced prices (for the most part financed by foreign donors). During the late 1980s, subsidies for all inputs, including herbicides and pesticides, were about 0.3 percent of the total value of agricultural production in any given year—roughly two to three billion CFAF.

Although fertilizer was not on the agenda of the donors or the government, it was very much on the minds of the growers in the 1989-93 reform period. In the late 1980s and early 1990s, when producer prices dropped, many farmers reduced their use of fertilizers because they lacked the cash to purchase them. Crop yields and quality declined. Producers organized lobby groups to try to influence the government to lower the cost of fertilizer. It was central to the demands issued by SYNAGCI in October 1992 and to the joint action of SYNAGCI and the federations of GVCs in April 1993. It was also a source of concern to oil palm growers. When the directors of Palmindustrie stopped providing fertilizer on credit, the Association des Planteurs de Palmier à l'Huile (APPCI) lobbied for and won a meeting with the directors to discuss the problem. The APPCI negotiated a resumption of fertilizer credits for farmers whose past production exceeded certain levels (8 tons in the Aboisso area; 5 tons in the region around Dabou).

As one of the first spheres in which farmers engaged in collective action to secure a role in policy formulation, the rules regulating the import, manufacture, and distribution of fertilizer hold special interest. Farmers were able to obtain rule changes that would "de-tax" fertilizers but were unable to secure implementation of the new procedures or to extend the policy changes to other agricultural chemicals, which the government taxed at higher rates. What explains this difference between the degree of grower influence in policy formation versus implementation? In this case, the influence of international pricing pacts did not account for the outcome observed. The more important causal factors were more likely two. First, the government depended heavily on revenues generated by tariffs. For this technical reason, it was necessary to engage in tax reform before negotiating changes in agricultural policy. Second, although sufficiently organized to have the tariff issue placed on the government agenda, farmers' bargaining leverage was divided, while the fertilizer manufacturers had a unified, powerful voice.

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[30]Kouame Koffi. "Le Secteur des engrais en Côte d'Ivoire." In Tshikala B. Tshibaka and Carlos Baanante, eds. *Fertilizer Policy in Tropical Africa,* Proceedings of a Workshop in Lomé, Togo. Muscle Shoals, Alabama: International Fertilizer Development Center and the International Food Policy Research Institute, April 1988, pp. 27-28.

3.1 Past Policies

In the early 1990s, Côte d'Ivoire imported simple fertilizers as well as smaller quantities of complex fertilizers. It also manufactured complex fertilizers for domestic use and for export to Niger, Burkina Faso, Mali, Guinea, and Ghana. According to a 1992 ruling, simple fertilizers were subject only to the 2.5-percent customs handling charge (*redevance statistique* or RSTA); they were exempt from the TVA and from other import duties, of which there were two main types, the *droit fiscal d'entrée* (DFE) and the *droit de douane* (DD). For complex fertilizers containing two to three elements, the story was different. Small amounts (less than 10 kilograms) were exempt from taxes. Fertilizers containing the three main elements—nitrogen, phosphorous, and potassium—and several oth complex phosphates were subject to a 5-percent customs levy (*droit de douane*), but they were exempt from the fiscal entry levy and from the handling charge or RSTA. To some complex fertilizers, however, the government applied the 2.5-percent RSTA, a 5-percent customs levy, and a 15-percent fiscal duty. In short, imported fertilizers used by a significant portion of the farm population carried a 22.5 percent tax.[31] These tariff levels were substantial although the overvaluation of the CFAF generated an indirect subsidy.

According to several participants in the marketing chain for fertilizers, however, this tariff schedule existed only in theory. In fact, the government had not yet applied the terms In practice, all simple and complex fertilizers carried a customs levy of 5 percent and a fisc levy of 21 percent, on top of a handling charge of 2.5 percent, bringing total customs charges to 28.5 percent.

The beneficiary of the tariff on complex fertilizers was Hydrochem, an enterprise in which Scandinavian interests held 60 percent of the equity and French interests, 40 percent. The firm was established in Côte d'Ivoire in 1990, when it purchased SIVENG (Société Ivoirienne d'Engrais), a partly state-owned fertilizer manufacturer, founded in 1965. SIVENG had gone bankrupt in the late 1980s, after struggling first with government price controls, which allowed it to cover only 60 percent of costs between 1974 and 1980, and later with the failure of public enterprises to pay for the fertilizers the company delivered to them.[32]

Signed in 1990, the seven-year agreement between the firm and the government of Côte d'Ivoire called for Hydrochem to resume fertilizer production and restructure and

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[31] Ministère delegué aupres du premier ministre chargé de 'Economie et des Finances et du Plan. Direction Générale des douanes. "Nomenclature douanière et statistique basée sur le système harmonisé," (Abidjan: Direction Générale des Douanes, 1992), pp. 125-128 and changes as reported by Hydrochem officials.

[32] Denis LeCallo. *Les Entreprises publiques en Côte d'Ivoire* . Ministère de relations extérieures, Ministère de la cooperation et du développement. Service d'études du développement #49 (Paris: French Government Press, 1982), p. 78.

modernize the plant. Hydrochem agreed to invest 1.4 billion CFAF (roughly $5.3 million) over the first two years to modernize production and to train Ivoirien personnel for management positions. In return, the government exempted the firm from tariffs and other taxes on materials and equipment required for plant reconstruction and tariffs and taxes on spare parts up to an amount equal to 10 percent of the CIF value of the equipment installed. For its first three years of operation, the company was also exonerated from paying the *patente*, a local business tax, and other property taxes. In subsequent years, these exemptions were to be reduced. Finally, for the first five years Hydrochem benefited from a tax credit calculated as a declining percentage of the wage bill.[33] Despite all of the exemptions, Hydrochem's managers said the VAT of 25 percent on electricity and water made it difficult to reduce the costs of producing fertilizer.

There were multiple distributors of fertilizers in the country, of which Hydrochem was one. Private-sector importers sold to state-owned companies and, at times, directly to farmers and cooperatives. Distributors participated in a system of competitive bidding for public enterprise contracts against other firms, such as Callivoire and Rhone Poulenc. Hydrochem bid for these same contracts but also employed STEPC, the largest distributor, to market some of its brands. Hydrochem sold its products to the Grands Travaux, Palmindustrie, and the cotton parastatals in Côte d'Ivoire, Burkina Faso, and Mali.

A major purchaser of fertilizer was the Compagnie Ivoirienne de Developpement des Textiles (CIDT), the marketing board that oversaw cotton production in the northern part of the country. The CIDT added handling charges to the wholesale price of fertilizer, then sold these products to farmers through marketing cooperatives. The farmers and cooperatives got the fertilizer on credit at the beginning of the growing season. The CIDT subtracted the cost of the fertilizer from farmers' receipts at the harvest. In theory, this system fostered higher yields and raised grower incomes. In the early 1990s, as producer prices fell and farmers were increasingly pressed to pay school fees for children or boost yields of subsistence crops, the fertilizer secured on credit was either resold for quick cash in a booming informal trade between Côte d'Ivoire, Mali, Guinea, and Burkina, or used on food crops.[34] As a result, cotton yields declined, and many farmers could not generate receipts high enough to cover the cost of the fertilizer loans, much less clear a profit. The CIDT held the village marketing cooperatives responsible for the debts.[35]

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[33] Chambre de Commerce de la République de Côte d'Ivoire. Bulletin Mensuel. September 9, 1990.

[34] There are also reports that fertilizer is less expensive in Mali and that farmers purchase Malian fertilizer in a lively cross-border parallel market.

[35] As a short-run way to increase their earnings some farmers sought to form new cooperatives, understanding that if they could sell through a cooperative other than the one that had advanced credit for fertilizer purchases, no one would deduct what they owed from the crop receipts. This practice may account for some part of the proliferation of cooperatives in the country during the early 1990s. The practice was obviously not sustainable.

3.2 Farmers' Associations as Agents of Reform

For most of the donors, fertilizer policy was not high on the list for reform. The World Bank's Abidjan agriculture division did not give priority to the goal of reducing costs. The exception were those responsible for monitoring competitiveness in the pineapple/banana industry, and their clout was limited by the fact that the Bank had suspended payments to Côte d'Ivoire for failure to meet conditions attached to the first tranches of several loans. The EEC sought to draw attention to the importance of reducing costs and improving quality, but it did not have the same ability to attach conditions to loans that the Bank had.

In 1992-93, the pineapple/banana industry started to press for removal of taxes from fertilizers in an effort to reduce their cost. Although they did not coordinate their actions with the grower-members of OCAB, the SYNAGCI-linked cooperatives and the GVC unions in the northern part of the country also vigorously protested against the high cost of fertilizer relative to farmer incomes. They threatened to boycott delivery of harvests and movement of food crops. In this instance, deputies in the national assembly took up the farmers' call and urged the government to find some way to make fertilizer less expensive.

In 1993, under pressure from growers, the Ministry of Agriculture brokered talks between Hydrochem, distributors, farmer representatives, and the CIDT and other extension services. These were the first meetings to entertain a proposal to remove taxes from imported fertilizer. Largely because of the influence of the banana/pineapple growers, the farmers won a victory. On July 8, newspapers carried a small announcement, buried in the back pages, saying the government had agreed to suspend a variety of taxes on fertilizers. None of the parties to the talks said they expected immediate relief, however. They suspected the factory owners would block implementation.

In July 1993, the cooperatives proposed measures to cut out the partly state-owned marketing boards such as the CIDT as intermediaries, enabling distributors to sell directly to farmers. COOPAGCI officials had said publicly that their cooperatives bought directly from some distributors. The GVC unions in the northern part of the country wanted to explore a similar arrangement.

In the negotiating sessions, CIDT officials were reportedly ambivalent, because the enterprise's shortage of cash made it difficult to finance purchase of fertilizer as in the past. Some of those who attended the Ministry of Agriculture meetings said that establishing a system of direct sale would prove more expensive than marketing fertilizer through the CIDT. The commercial director of Hydrochem noted that the CIDT's charges were actually quite reasonable, because the enterprise could secure economies in transporting fertilizers that private distributors could not obtain. Specifically, the CIDT already owned trucks used to pick up cotton, and it could use these to drop off fertilizer to farmers in the roughly 3,600 villages that grew the crop. Moreover, it could save money by having its trucks travel to the villages laden with fertilizer and return with the harvested bolls. In his view, a private contractor could not have done the same.[36]

Hydrochem was adamantly opposed to direct marketing to farmers for other reasons too. Said one representative, "The peasants drove the BNDA [national agricultural development bank] to bankruptcy. They don't want to reimburse Grands Travaux for fertilizer loans made as part of the SOJA project [soybeans] at Odienné. We do not want to be driven to insolvency by the *cultivateurs*." Although the BNDA's problems stemmed from defaults by wealthy farmers with political connections as well as by smallholders, the general problem to which the company pointed was genuine and persistent. Nonetheless, some private companies believed the problem less dire than the picture Hyrdochem painted. The largest distributor, STEPC, said it sold directly to smallholders in addition to competing for parastatal supply contracts. Further, arrears associated with parastatal enterprises, not debts of farmers, were among the major reasons for SIVENG's failure in 1990.

3.3 Elites, Mass Organizations, and Bureaucratic Interaction in Implementation

In the end, the government behaved as the growers anticipated. The implementation of the agreement was postponed. Why? Although the accord between Côte d'Ivoire and Hydrochem's investors provided the factory relief from a wide variety of taxes and rules, there was no public guarantee of tariff protection. Government adherence to the legal terms of the Hyrochem investment was thus not at issue.

One reason for the gap between policy formulation and implementation was technical. The delay in enforcing the reduction or suspension of tariffs served the fiscal interests of the state. As cocoa and coffee prices fell and the CAISTAB had to pay out subsidies, new revenue sources had to be found. Tariffs had always constituted a source of needed funds, and the crisis only heightened their fiscal importance, increasing the difficulties in securing the kinds of reforms that would help boost the country's competitiveness. In this case, sequencing of economic reforms mattered. Tax reform was an essential first step in lowering government resistance to proposed changes in agricultural policy, in addition to its direct bearing on the nation's fiscal and trade performance.

Second, if the government's interest in altering tariff policies was decidedly mixed, it was also the case that manufacturers (of whom there was but one) spoke with a single voice, while growers had difficulty acting in concert. On the one hand, the large, well-connected farmers in the banana/pineapple industry wielded considerable clout. Because of their small numbers and donor interest in promoting their activities, their support could be purchased with special, targeted tariff-relief programs. The government did not promise such programs, but it left the door open to further discussion. On the other hand, even though the

[36]Interview with Atta Brou Noël, July 1993.

new unions and federations of cotton growers and other smallholders were increasingly able to make themselves a nuisance, they lacked the bargaining leverage of either the factory or the fruit producers, with whom they had established no ties. In the new, more open, multiparty political context, there was a need for the government to appear responsive to farmers' demands in order to prevent political protest. Bringing farmers into the policy process was one way to accomplish that end. It was unlikely that the boycotts or strikes the farmers threatened could last. Farm households could not long endure without the meager incomes that trade in food crops provided. Thus, in the context of a deep economic crisis, where many aspects of the policy process were not subject to public scrutiny, where the supporters of tariffs spoke with a single voice, and where farm groups could be divided, the program to remove protective tariffs stalled. The farmers' organizations acquired a voice but as in the case of the coffee/cocoa sector reforms, they discovered that voice and influence were often very different.

4. PRIVATIZATION

In the period 1989-93, farmers' organizations exercised least influence in the area of privatization. Sales of public enterprises were among the conditions attached to various World Bank loans extended to Côte d'Ivoire in 1989 and 1990. If farmers' groups were able to acquire a very limited voice in formulating cocoa/coffee sector policies and fertilizer policy, they had yet to secure entrée into discussions of the transfer of government agricultural enterprises to private ownership, although these transactions strongly affected the livelihoods of some of their members. The senior political leaders and exporters who blocked reform of the CAISTAB had less impact on this aspect of reform. Privatization was under the direct control of the prime minister.

Under the terms of the privatization program, the government was scheduled to sell its equity in several agricultural and agroindustrial enterprises. The rubber and oil palm enterprises in which the government owned equity were due for sale in May 1993, according to the original schedule released. The date came and went with no action. The common explanation voiced on the streets was that the political controversy surrounding privatization had made attempts to sell these firms too damaging to the political career many believed the prime minister sought. In reality, the more likely diagnosis was not political, but technical: the restructuring of these enterprises and the negotiations to determine how they should be sold proved much more complicated than anyone anticipated.

4.1 Clientelism and Privatization: Political Elites and Factions in the Initiation Stage

The argument that the slowness had political roots drew on two sets of events between 1990 and 1993: the entanglement of privatization in a political rivalry between the prime minister and the president of the national assembly and the increasing activism of growers. The government lodged responsibility for the project in the prime minister's office, in the form of a Privatization Committee (*Comité de Privatisation*) created in December 1990. In the public's mind, privatization was thus associated with Alassane Ouattara, under whose general direction the initiative was launched in 1991 and 1992.

Two years after the program started, in January and February 1993, the head of the National Assembly, Henri Konan Bédié, the president's likely successor, and PDCI deputies initiated a debate about the sale of public assets, including public companies. Although both men belonged to the same political party, Bédié had long publicly opposed Ouattara's efforts to privatize enterprises in which the state owned equity, arguing that doing so was tantamount to giving away the "*patrimoine*" or national patrimony. Bédié, PDCI secretary general Laurent Dono Fologo, and others argued that privatization in Côte d'Ivoire was merely the sale of state assets to friends of the prime minister, "*gré-à-gré*"— private deals with little transparency or competition. The transfer of the electricity parastatal to a consortium headed by French businessman Martin Bouygues on terms very favorable to the latter had fueled that belief. The deal had taken place quickly and without the competitive bidding considered necessary. Bouygues had appeared as a guest at Ouattara's Paris wedding to the French woman who managed many of the president's real estate ventures, adding fuel to such speculation,[37] although the country's fiscal crisis and the hemorrhage of funds from the electricity parastatal made a quick transfer necessary. There were rumors that close associates of the prime minister had bought stock in some of the newly privatized firms.[38] Whispers of a *"comité de privatisation patrimonialisé"* could be heard in many quarters.

Many deputies criticized the whole notion behind the sale of state equity, arguing that the enterprises were not companies but development programs and that with better management, these parastatals could be rendered more efficient and provide social services too. They proposed that the national assembly take responsibility for clearing each transaction and they adopted a report by the assembly's Economic and Financial Committee to establish standards for sales. Bédié and Ouattara had both offered their views in long, televised press conferences during the latter half of 1992.

The opposition parties sided largely with Bédié, despite their intense distrust of the management capabilities of senior politicians and civil servants. The FPI and other groups expressed skepticism that the powers that be could manage public enterprises. With the World Bank and other donors, they shared the view that the country's dire economic straits were the result of the lack of transparency in management and the consequent inefficiency of the firms. However, they shared with the Bédié faction a belief that sales of the public enterprises had thus far traded state equity to the prime minister's friends, at considerable cost to Ivoiriens. They also expressed the desire to see the "national heritage" remain under the ownership of Ivoiriens. Unlike Bédié, the arrangements they preferred, in private conversation if not in public, were based on the model of Air Afrique. In short, they preferred that assets remain with the government and that foreign firms be retained on management contracts for a limited period.

The debate in the Assemblée Nationale, long anticipated, occupied most of the months of February and March. It received little coverage from the state-owned media. *Fraternité Matin*, the main government newspaper, played down the issue—an action that presaged others still to come. On March 28, 1993, the president convened a meeting of the PDCI and publicly indicated that he supported Prime Minister Alassane Ouattara's initiatives in this area. In so doing, he worked to give the Technical Counsel and the Privatization Unit constituted by the prime minister's office autonomy from special interests. Privatization died as an issue in the National Assembly thereafter. Although Bédié remained in power, still the president's likely successor, some party officials began to preface remarks on policy with the words, "whoever the PDCI candidate in the next election, . . ."

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[37]Antoine Glaser and Stephen Smith. *Ces messieurs Afrique*. (Paris: Calmann Lévy, 1992, pp. 43-62.

[38]*Les Cahiers du Nouvel Horizon*, 3 (May-July 1993), p. 21.

4.2 Farmers' Associations and Privatization

A second argument that attracted some following in the streets was that the new farmers' associations wanted privatization only on terms favorable to village producers of rubber and oil palm fruit. People reasoned that the government was worried about losing support among these farmers and it was moving slowly in consequence. In fact, in the rubber industry, the farmers' unions had little to say about sale of public shares in enterprises and plantations. In the oil palm industry, the new lobby then emerging was much stronger but both leant qualified support to the sale of Palmindustrie and lacked the organization to mount a decisive challenge to such a transaction, in any case.

Neither the forest-zone federation of GVCs (UNECACI), nor SYNAGCI/COOPAGCI included rubber in their lobbying activities and neither had made overtures to village growers of rubber. Instead, factory managers, workers, and village producers had joined together in the *Association Professionnelle Pour la Promotion Hévéicole* (APPH), which aimed to organize relationships between small farmers, the eventual buyers of the government's plantations, and the two main firms, soon-to-be-commercial. The model was not that of a lobby group. Instead, it resembled more closely the new kinds of ties developing between coffee and cocoa producers and exporters such as SIFCA--a form of vertical integration by the larger firms involved. Moreover, the APPH was relatively inactive. Only one of the two dozen union leaders, government officials, and donor representatives with whom the author spoke in preparing this chapter could name the APPH's organizer. One interpretation, which sometimes surfaced in conversation with FPI activists and SYNAGCI members, was that the APPH had been formed at the behest of senior political figures, who wanted to ensure that the two national farmers' groups could not gain a toehold. The more likely explanation for the pattern of association activity was that less than two years had passed since SYNAGCI and UROCOS-CI had formed, and both groups had plenty to occupy them; they had little time to try to build their activities among growers of rubber.

The situation in the oil palm industry was slightly different. As in the case of rubber, the national farmers' unions active in the forest zone, SYNAGCI/COOPAGCI and UROCOS-CI, were uninvolved. Instead, the impetus for organization of growers came from the *Association de Producteurs de Palmier en Côte d'Ivoire* (APPCI), a group some of the opposition union officers considered part of a preemptive move by the PDCI to prevent their entry into palm growing areas.

The APPCI's founder was no particular friend to multiparty democracy, but his motives were perhaps not what the national unions suspected. The association was founded by Jacques Delafosse, then an officer in an important local bank, and son of a close friend of the republic. Delafosse's French half-sister had reportedly cut him out of a good portion of their father's will. Certainly, Delafosse himself saw his children's futures closely bound to the fate of the 250 hectares of oil palm he cultivated. His desire to assure an income for his sons was little different from that which inspired smallholder households with teenage children to join the smallholders farmers' unions.

Delafosse spent every weekend and an increasing portion of his work week meeting with large and small private growers. The aim was to join together to ensure favorable terms in the impending privatization negotiations. APPCI had organized several local sections in the coastal areas. Delafosse held no fixed view of the arrangement he and other growers sought, but suggested that if they could organize, purchasing the transport operations or some elements of the production process might enable them to sustain their farms and make a profit. In Delafosse's diagnosis, the financial problems of Palmindustrie were less attributable to bad management than to the fact that the enterprise had operated as a development agency. The functions it had performed were important, in his view, but they clearly had to be handled differently. He thought it was possible for a new firm to implement several important economies without jeopardizing village production. There were too many employees to permit the enterprise to become profitable. With a smaller work force, and in the hands of a private company such as Blohorn, Cosmivoire, or Unilever, the industry could prove successful. "After all," he remarked, "if Blohorn can make its Ivoirien enterprise profitable, then others can do the same."[39]

By contrast with the case of the APPH, the government officials, union representatives, farmers, and donors interviewed could all identify the entrepreneur behind the organization. Certainly, Delafosse's organization was beginning to loom as one of several important political actors. Its strength was hampered by internal management problems, bred of overextension. Many smaller growers in the Aboisso area had washed their hands of involvement after they had met with Delafosse and paid an individual CFAF 5,000 fee to join, only to wait endlessly for the meetings with government officials the APPCI had promised.

4.3 Technical Difficulties: Bureaucratic Interaction at the Implementation Stage

Neither the activities of pressure groups nor rivalries among the regime's clientelist "barons" explained the leisurely pace of privatization. Instead, technical problems accounted for the slowness. The World Bank and government representatives, as well as the new farmers' unions forming in these sectors, stressed that the sale of agricultural parastatals had proceeded slowly for three reasons that had little to do with politics. First, the enterprises slated for transfer to private ownership covered a variety of operations, including plantations, village extension programs, transport services, and processing plants. As a technical matter, it proved difficult to determine how best to restructure the assets to make them attractive to buyers and especially how to handle the various social services provided growers through extension programs. Second, in some cases, foreign buyers expressed concern that if they purchased these companies and devaluation of the CFAF occurred shortly thereafter, they would lose much of the value of their assets.

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[39]Interview with Jacques Delafosse, Abidjan, July 20, 1993.

Third, the overall investment climate in Côte d'Ivoire's agricultural and agroindustrial sectors was highly unattractive. The price trends for most of the commodities the country produced were negative. An overvalued currency discriminated against exports, including agricultural exports. The government applied high tariffs against many important inputs and applied these irregularly. Most enterprises carried high levels of debt as a result of government insistence that they supply services to other government organizations that the state treasury would later reimburse—a promise rarely fulfilled in the late 1980s and early 1990s. The labor code created significant obstacles to the ability to fire or lay off employees, and the average cost of a day's labor was four times the level in Nigeria or Ghana.

4.3.1 Rubber Industry

In the *filière d'hévéas*--the rubber sector—the government was a partner with foreign companies. It maintained a joint venture with Micheline to process rubber at a plant in Grand Bérébi (SOGB) and with the French company, SIPH (*Société Indochinoise de Plantations d'Hévéas*), as well as donors, through the *Société africaine de plantations d'hévéa* (SAPH). The government share in SOGB was 95 percent, while its share in SAPH was 55 percent. Both enterprises managed over 14,000 hectares of plantations and each processed about half of the country's rubber production. The government was involved in several other ventures in this sector, as were a few private Ivoirien entrepreneurs, and part of the slowness in selling the government's shares was related to efforts to accommodate these smaller enterprises in the final settlement. It was agreed that the hectares that were part of the SAPH-managed *domaine hevéicole de l'Etat* (DHE) would be sold not to foreign buyers but to Ivoiriens only.

The two main rubber enterprises had potential buyers. Because of the relatively more limited extent of rubber production and the lower contribution of rubber to export earnings, the Ivoirien government, as most African governments, allowed rubber prices to vary with world market prices and limited direct taxation, although it participated in an international pricing pact to stabilize fluctuations.[40] Although the costs of many factors of production were higher in Côte d'Ivoire than in Southeast Asian counterparts, SOGB, the plant at Grand Bérébi, was considered one of the most productive rubber enterprises in the world.[41] At the same time, SAPH's plantations were older, and some of the trees were at the end of bearing age. Yields were lower. Some of the difficulty of privatization centered on allocating responsibility for replanting and the cultivation and harvesting methods that the buyer would use (some methods produce longer bearing periods, although lower average annual yields, than others).

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[40]Robert Hirsch. "Les agro-industries africaines face à la compétitivité internationale: l'exemple des filières huile de palme et caoutchouc." In *La France et l'Afrique: vade-mecum pour un nouveau voyage*, edited by Serge Michailof. (Paris: Karthala, 1993), pp. 259-60.

[41]Ibid., p. 255 and *Marchés Tropicaux*, "Spécial Côte d'Ivoire," July 2, 1993, p. 1705.

There were other technical concerns in addition to negotiating the replanting and cultivation practices the owners would pursue, and the debates about these further slowed the sales of these enterprises. For example, potential buyers faced special currency risks. The international rubber market traded rubber commodities in dollars, while the firms purchased inputs (fertilizers, pesticides, spare parts, etc.) in CFAF linked to the French franc, which was then appreciating in relation to the dollar. Moreover, if foreign companies purchased the assets, and the CFAF was subsequently devalued, a considerable part of the value of the investments they made could have been lost. The terms of the sale had to be written to protect the value of the investments or the sale had to wait until after a devaluation had taken place. Further, some costs of production, including taxes, energy, and transport, were exceptionally high, and SAPH in particular was also heavily indebted because it had provided social services and extension activities as part of its management of the government's plantations.

4.3.2 Oil Palm Industry

The slowness of privatization in the domain of rubber was attributable to the difficulty of determining appropriate terms of sale. The same was true of Palmindustrie, the public enterprise charged with commercialization of palm oil. To a much greater degree than was true in the *"filière d'hévéas,"* the government had tasked the enterprise with responsibility for extension services and social programs. Further, unlike rubber, palm oil production was uncompetitive in world markets.

Palmindustrie manufactured 95 percent of the raw palm oil Côte d'Ivoire produced, using palm fruit from both industrial plantations and village growers. The other 5 percent was handled by the private company Blohorn, a Unilever subsidiary. About 56 percent of production was destined for export, and the remainder was traded on the local market. The portion sold locally was marketed at prices above the world market rate, forcing consumers, including soap manufacturers and other industries, to spend more than imports would have cost them. High tariffs prevented cheaper production from other countries from flooding the market. By levying import surcharges, the effective protection for oil palm products was 100 percent in the 1980s. During the early 1990s, when tariff levels for imports of other agricultural products were harmonized at about 20 percent, the surcharge on palm products was reduced slightly, to create effective protection of about 60 percent.

Palmindustrie was plagued by several problems. The government had long buffered village palm producers from price fluctuations in the world market. When world market prices declined, with the increasing supply of palm oil and palm products from Malaysia and other Southeast Asian producers, growers continued to receive the producer prices to which they were accustomed. Lack of risk encouraged inefficient use of resources. The country's growers continued to plant, even in locations where transportation charges made production too costly for the government-owned factory. When the more expensive village harvests were mixed with the harvests from the industrial plantations managed by Palmindustrie, the producer price of Ivoirien production exceeded the border parity price by 50 percent.

Processing costs at the factories were also high compared with those in other countries and compared with those of the rubber enterprises in Côte d'Ivoire, which had to survive under nearly identical conditions. One 1990 study of oil palm plantations in Côte d'Ivoire, Cameroon, Malaysia, and Indonesia suggested that costs in Côte d'Ivoire, although lower than those in Cameroon, were four times those in Indonesia and over two times the Malaysian levels. The rainfall patterns and comparative youth of the Southeast Asian plantations explained some of the difference, as did overvaluation of the Ivoirien currency, but management problems also played a role.[42] Moreover, SOGB, the rubber plant at Grand Bérébi, facing the same problems of currency overvaluation and high input costs as Palmindustrie, managed to become one of the world's most efficient enterprises in its field. Unlike SOGB, however, Palmindustrie operated a variety of social services for growers, including some health facilities and the provision of loans to cover children's school fees.

By 1990, the government and producers had started to take some of the steps necessary to make the industry more competitive. Under the terms of one of a series of loans to the sector, the World Bank and the government of Côte d'Ivoire negotiated a new producer pricing system, which created a link between farmgate prices and trends in the world market. Together, they set up a Smallholder Price Support Fund, financed through a tax on producers, to permit limited stabilization of prices. The border parity price became a floor price, which stood at 14 CFAF per kilogram in the early 1990s (down from the guaranteed 19 CFAF per kilogram price under the old system).

The restructuring of the industry in preparation for sale proved a far more difficult problem. The technical studies required prior to the opening of the bidding process were complex and had to be assembled carefully. The Bank and others complained that record-keeping was so bad, the government did not know what assets it owned. That made an inventory necessary before discussion of restructuring could even begin.

4.3.3 Comparison

In both of these instances technical difficulties slowed progress more than efforts to preserve access to rents or opposition from farmers' organizations or the National Assembly. The president and the prime minister had acted as reform champions in this sphere of policy reform, attempting to insulate the sale process from political pressure (or at least from the interests of competing clientelist networks). In some instances their efforts produced relatively rapid results, while in others, where the logical buyers were wary of the kinds of responsibilities they would acquire along with the enterprises they bought, the sale process was much slower.

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[42] R. Hirsch and J. F. Benhamou, "Etude comparative des conditions techniques et _conomiques de production de l'huile de palme en Afrique et en Asie," Caisse Centrale de Coopération Economique, June 1989, as paraphrased in Elliot Berg and Phillip Berlin, "Exchange Rate Issues in the Franc Zone," Background Note Prepared for United States Agency for International Development Seminar on the CFA Franc. Bethesda, Maryland: Development Alternatives International, January 22, 1993, p. 13.

5. CONCLUSIONS

The variables policy analysts often endow with importance in trying to explain the politics of agricultural policy include the activity of "policy champions" in brokering compromise, the bargaining leverage of donors and the consistency with which donors apply conditions, electoral incentive, and the degree of pressure applied by farmers' lobbies. What does this analysis of Côte d'Ivoire contribute to our understanding of the influence of these different causal factors?

5.1 Bureaucratic Interaction and Policy Champions

Initiation of reform and successful implementation may be facilitated by the presence of "policy champions" or "technopols"—technocrats who can organize constitutencies for their ideas both in government and among interest groups in the society at large. These are people who not only are themselves attuned to the need for reform and the options available to them but also have political skills. They consult with those who may be opposed to reform measures and seek to broker compromises with them. In so doing, they may seek to limit both bureaucratic barriers to implementation and outcry from those of the citizenry who are negatively affected. In some instances, they may perform an educational function by ensuring that natural clienteles—people whose interests are favorably affected by reform—are aware of the initiatives and galvanizing them as public spokesmen for proposed measures.

In Côte d'Ivoire, Prime Minister Alassane Ouattara acted as a policy champion for some aspects of structural adjustment, taking his cause to the airwaves in October 1992 with a four-hour televised press conference. Ouattara left agricultural policy reform to others, however. Among those to whom he delegated this responsibility, Minister of Agriculture Lambert Kouassi Konan behaved most like a policy champion or technopol. He made a point of listening to different points of view and brought bureaucrats, farmers, and private business interests together to identify common ground or space for compromise. His jurisdiction was sharply limited, however. He had little influence over coffee and cocoa policies, and he had few resources to compel other ministers to change policies that affected the costs of agricultural inputs.

To be effective, "policy champions" must have broad jurisdiction, and they lacked this scope in Côte d'Ivoire. Although the division of responsibility for agricultural policy between four different agencies may have made work burdens more manageable for tightly stretched staffs at the Primature, it undermined the ability of officials favorable to change to broker compromises and "reform deals." For example, improving the competitiveness of the pineapple/banana industry required inclusion of ocean shipping in the package of reforms negotiated. Either a senior political figure with authority over the Ministry of Transport had to sponsor the reform effort and bring leverage to bear, or shipping policy had to join the agenda of the ministries and agencies responsible for agriculture. Alassane Ouattara had the status to sponsor these discussions, but, short-staffed and with other priorities, he did not do so.

5.2 Donor-Government Relations

Beginning in 1992, the most active champion of reform, in a general sense, was the chief of the resident World Bank mission in Côte d'Ivoire, Robert Calderisi. While most lending to the country was suspended, Calderisi sought to build the case for reform by meeting regularly with journalists and business associations and by holding a number of very open, high-profile meetings to defend the policies the World Bank had proposed. In so doing, he advanced public knowledge of the proposals and of the reasons for them, contributing considerably to the level of economic literacy in the community. Few of Calderisi's remarks were directed to agricultural policy, however.

There were two other aspects of donor-government relations that affected the outcome of the reforms studied here. First, for reforms to succeed, donors need access to technical staffs in ministries. This access is vital for building dialogue and tailoring conditionality to local conditions, as well as for providing assistance in the implementation stage. In Côte d'Ivoire, the rate of implementation of agricultural sector reforms was highest where the policy process was most open and where donors had contact with technical personnel. For example, prior to suspension of lending to the country, the World Bank had started to work hand-in-hand with pineapple and banana growers to analyze costs and competitiveness. The ties developed were strong enough that even after lending was formally stopped, the contacts continued. By contrast, in coffee and cocoa, where the CAISTAB regulated contacts between donors and personnel tightly, there were comparatively few advances on key aspects of reform proposals. Technocrats could not act as interpreters, explaining the reforms to their directors, nor could they seek help in overcoming problems they encountered in implementation. In consequence, some of the reforms stalled.

Second, where donors send mixed signals, policymakers are unlikely to take demands for reform seriously. Many of those interviewed remarked that in the managment of its structural adjustment loans, the World Bank had not always conducted appropriate reviews of compliance before releasing subsequent tranches of loans. In the minds of policymakers, that meant the donors were not as serious as their words indicated. The Bank's conduct was partly responsible for the slowness and unevenness of agricultural sector reforms, in their view.

5.3 Political Elites in the Process of Reform

Although changes in the Ivoirien electoral system provided candidates for public office greater incentive to attend to the interests of constituents than had been the case in the past, political aspirants and incumbents either sought purely local benefits and eschewed pressure for policy change or failed to recognize quickly that the rules of the game had changed and continued to attend to the wishes of the party chiefs. Changes in electoral rules to expand political competition had no short-term effect on policy content or on contacts between legislators and new farmers' organizations.

The president of the National Assembly, Henri Konan Bédié tried to use his clientelist networks to build opposition to privatization among legislators, including sale of agricultural enterprises. Although the President's intervention brought a sudden retreat of elected officials from their steadfast opposition, the events revealed the extent to which changes in electoral rules had not altered the clientelist character of policymaking in Côte d'Ivoire in the short term.

The spirit of competition that came with multipartyism had a more immediate effect on agricultural policy by providing inspiration for farmers' pressure groups to form. The influence of these groups was limited by several factors, however. These included frequent lack of coordination among the associations that developed, some of whom were only dimly aware of the existence of the others. It also included differences in the leverage of groups, depending on the size of farmers' holdings and the level of their participation in the market as exporters.

Moreover, the international political economies of the commodities farmers produced shaped the bargaining leverage of different groups in the marketing chain, including elite holders of quotas. When UNCTAD-sponsored pricing pacts stipulated export or supply restrictions, the systems the government had to enact in order to comply with these accords often empowered exporters, including foreign firms, against farmers, instead of vice versa, in the instances analyzed here. In these cases, donors could usefully consider whether there are alternative methods for complying with the requirements—methods that permitted more even division of risks among participants in the market or that empowered farmers against exporters.

5.4 Farmers' Organizations and Policy Reform

In their infancy, new national farmers' unions lobbied not for protection but for trade liberalization (although, in fact, tariff removal would have created a subsidy or protection). They directed their efforts largely to measures that would lower costs of production by increasing competition among providers of critical inputs. They also championed efforts to rid internal marketing of opportunities it had provided for rent-seeking by elites, including local officials. All of the unions shared a deep distrust of governmental corruption and an emphasis on the need for transparency in government operations. As such, they were potential constituents for the reforms the donors had sought to advance.

There was little doubt that over the longer term, these organizations would also seek restoration of guaranteed producer prices, however. The degree of their support for use of price bands or indexing systems was unclear during the first years of the reform project, in part because of the low level of knowledge most farmers had about the policy options available and how each would affect them. Looking to the future, as long as average guaranteed prices are low, farmers may have incentive to support an indexed price, with a guaranteed floor, in return for a larger proportion of the world price. Whether the government can build support for such a system in this time of distress and defend it when prices rise again and farmers think they can get a still better deal by a return to the old system is unclear.

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APPENDIX A

LIST OF PEOPLE INTERVIEWED

Jean Claude Balcet, Chef de la Section Agricole, World Bank Abidjan
Jean-Paul Chausse, World Bank, Washington, D.C.
Jacques A. Delafosse, Directeur Adjoint, Relations Internationales et Tresorerie, SGBCI, and head of the Association des Planteurs de Palmier en Côte d'Ivoire (APPH)
Dontoni, African Development Bank
Nicaise B. Ehoue, Agro-economist, World Bank, Abidjan
Christian Fauliau, World Bank
François Goré, Chambre de Commerce et de l'Industrie
Catherine Hill Herndon, Second Secretary, Economic Section, U.S. Embassy
Menan Kouamé Koffi, Directeur de la Direction de la Mutualité, de la Coopération, et de l'Animation Rurale, Ministry of Agriculture
Gustave Koizan, Resident Vice President, Citibank
Bouhabre Madhy, Ministère de l'Agriculture
Emmanuel Monnet, Secrétaire Générale, SYNAGCI
Pauline Quassivi Financial Analyst, World Bank, Abidjan
Vangah Atekebrai, Directeur de Protection des Végétaux et de la Qualité, Ministère de l'Agriculture
Randy Zeitner, United States Agricultural Attaché
Zoungrana Placide, Conseiller technique, SYNAGCI
Representatives of the EEC